1983

TEXAS

lodging

INDUSTRY

Laventhol & Horwath
Certified Public Accountants

Texas Lodging Industry

Fifth Annual Report on Texas Hotel Operations

1983 Edition*

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* A special survey of Texas hotels and motels based on contributions to *U.S. Lodging Industry 1983*

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The Texas Lodging Industry—1983 A Status Report

The Texas lodging industry suffered through an extremely difficult year in 1982. Statewide occupancy fell more than 10 percentage points, from the 76.2 percent reported in 1981 to 65.6 percent in 1982. Total U.S. occupancy also declined during the same period, as reported in the 1983 edition of Laventhol & Horwath's *U.S. Lodging Industry* study, although the magnitude of the drop was not nearly as severe as that experienced by Texas hotels. Occupancy levels throughout the U.S. declined only 4.1 percentage points to 66 percent. As Chart 1 illustrates, prior to 1982, occupancy at the reporting Texas properties consistently ran above the U.S. total, even showing an upward trend during the period from 1979 through 1981 when occupancies throughout the rest of the U.S. were declining. In 1982, however, several factors combined to reduce occupancy levels at Texas hotels below those reported for the total U.S. sample.

One of the major factors responsible for the dramatic decline in occupancy was the overall poor health of the U.S. economy in 1982. Particularly hard hit was the oil and gas industry, which is an integral part of the Texas business community. With the Texas economic climate losing the vitality it displayed in preceding years, travel (by all segments of the market) was down sharply and, therefore, so was hotel occupancy.

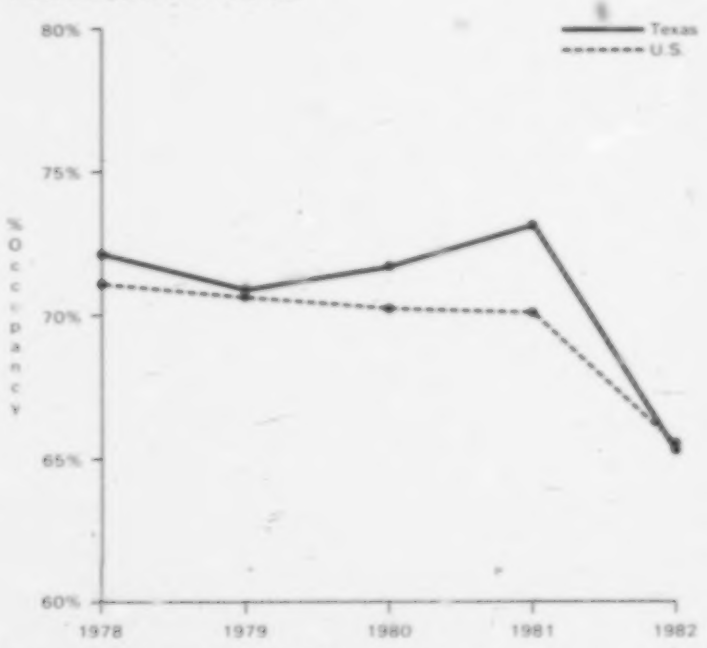
Economic problems in Mexico also had a negative effect on Texas lodging properties. Initially, devaluation of the peso and its inconvertability to U.S. dollars had a significant impact. However, this situation was followed up by travel restrictions placed on the people of Mexico. Those two factors effectively reduced travel to Texas by its neighbors to the south.

Finally, major additions to the available room supply in two of the state's largest cities, Dallas and Houston, also contributed to the declines in occupancies. This factor may eventually prove to be the most worrisome, because as actual demand for hotel rooms begins to attain levels reached in previous years, there will be more available rooms to compete for that demand. Therefore, it is up to hotel operators throughout the state to attract that demand to their properties when it begins its eventual upward surge.

Texas-based lodging chains

Chart 2 shows Texas-based lodging chains that will have two or more properties open by year-end

Chart 1
Occupancy Rates
Texas Compared With Total U.S.



Source: *U.S. Lodging Industry 1982*, Laventhol & Horwath

Chart 2
Texas-Based Lodging Chains—1983

Name of Chain	City	Total Number of Hotels	Total Number of Rooms	Hotel Development Summary 1982 Number of Hotels Opened	1982 Number of Rooms Opened	1983 Number of Hotels Opened	1983 Number of Rooms Opened	1984 Number of Hotels Opened	1984 Number of Rooms Opened	Year Founded	O,M,F*
Basco Properties, Inc.	Odessa	4	424	**	20	—	—	—	—	1960	O,M
Benchmark Management, Corp.	Woodlands	3	542	—	—	—	—	2	464	1980	M
Border Inns of America	McAllen	4	633	—	—	—	—	1	208	1972	O,M
Brock Hotel Corporation	Dallas	64	11,446	3**	759	9**	1,753	34	3,849	1957	O,M,F
Brookhollow Hotel Corp.	Dallas	3	246	—	—	4	389	—	—	1980	O,M
Coachlight Inns	Tyler	3	256	—	—	1	140	—	—	1970	O,M
E-Z Travel Motor Hotels	Austin	3	217	—	—	**	24	—	—	1974	O,M
Gal-Tex Hotel Corporation	Galveston	12	2,260	3	370	—	—	—	—	1940	O,M
Hospitality Enterprises, Inc.	Houston	23	2,160	1	120	1	100	1	100	1977	O,M
Hotel Management Association	Houston	4	1,035	—	—	—	—	1	175	1976	O,M
HR Hospitality	Houston	5	977	—	—	**	95	—	—	1976	O,M
Jack Tar Hotels	Dallas	7	2,142	—	—	—	—	—	—	—	O,M
Kiva Inns	Abilene	2	400	1	200	1	200	—	—	1977	O,M
La Quinta Motor Inns, Inc.	San Antonio	120	14,675	8	1,094	17	2,271	20	2,800	1963	O,M,F
Lexington Inns	Irving	23	2,400	**	146	2	475	3	***	1962	O,M
Lincoln Inns	Dallas	4	1,323	1	522	2	313	1	347	1980	O,M
Manor House Inns	Houston	2	279	—	—	2	217	1	120	1968	O,M
Manner Corporation	Houston	20	5,963	3	953	3	844	1	350	1974	O,M
The Metro Companies	Dallas	15	4,752	—	—	1**	556	—	—	1969	O,M
Moody Rambin Interests	Houston	3	525	—	—	—	—	—	—	1969	O,M
Motor Hotel Management, Inc.	Dallas	42	8,500	—	—	1	269	—	—	1974	O,M
Olympia Hotels Corp.	Houston	6	1,312	1	225	1	236	—	—	1973	O,M
Omega Management Corp.	Houston	2	180	1	100	—	—	—	—	1980	O,M
Pan-Tex Hotel Corp.	Laredo	2	346	—	—	**	100	—	—	1960	O,M
Pratt Hotels	Dallas	29	9,264	—	—	—	—	2	670	1968	O,M
The Registry Hotel Corporation	Dallas	14	4,054	—	—	1	570	—	—	1970	O,M
River Hotel Company	San Antonio	2	650	—	—	—	—	1	350	1967	O,M
RJS Hospitality	Houston	2	371	1	244	—	—	1	250	1981	O,M
Rodeoway Inns International	Dallas	152	18,600	24	3,000	20	2,500	20	2,500	1962	O,M,F
Rosewood Hotels	Dallas	3	457	2	314	—	—	**	33	1979	O,M
Rubin Associates	San Antonio	3	302	—	—	3	302	3	300	1980	O
Sidney Balman Properties	Dallas	3	608	—	—	—	—	**	79	1981	O,M
Southwest Hospitality Management Corp.	Houston	5	500	—	—	1	150	—	—	1978	O,M
Southwest Hosts	Brownwood	2	335	—	—	—	—	—	—	1971	O,M
Southwest Inns	Houston	9	1,770	1**	282	1**	243	1	142	1963	O,M
Summer-Greener-Fussell Group Joint Venture	Dallas	2	370	1	250	1**	180	3	550	1982	O,M
Sunbelt Hotels, Inc.	Houston	4	1,202	1	310	—	—	1	280	1970	O,M
Tal-Con Inc.	Houston	5	638	2	258	—	—	—	—	—	O,M
Texan Inns	San Antonio	2	220	2	220	3	575	3	345	1980	O,M
Trammell Crow Hotel Company	Dallas	5	2,752	1	542	3	1,550	2	1,259	1977	O,M
Vista Host, Inc.	Houston	10	1,600	—	—	2	371	2	336	1977	O,M
Westbrooke Inns Management, Inc.	Irving	18	2,500	4	519	1	129	—	—	1973	O,M

*Indicates ownership, management and franchises.
**Indicates expansion.
***Indicates development plans incomplete.

Chart 3
Major Lodging Chain Representation in Texas as of April 8, 1983

	Austin		Corpus Christi		Dallas		El Paso	
	Properties	Rooms	Properties	Rooms	Properties	Rooms	Properties	Rooms
Holiday Inns, Inc.	2	329	2	611	7	1,534	3	598
Best Western International, Inc.	4	652	1	115	6	1,374	3	423
Ramada Inns, Inc.	4	498	2	278	7	1,240	1	255
Hilton Hotels Corporation	1	333	1	503	5	2,073	1	150
La Quinta Motor Inns, Inc.	3	341	2	302	7	828	2	259
Marriott Hotels	1	301	—	—	4	2,016	1	300
Motel 6, Inc.	2	267	1	124	2	220	2	265
Sheraton Corporation	1	286	1	175	7	2,049	1	118
Hyatt Hotel Corp	1	448	—	—	1	947	—	—
Rodeway Inns International	2	113	—	—	4	376	1	310
TraveLodge International, Inc.	3	322	1	148	3	412	3	230
Quality Inns	1	171	1	99	1	283	—	—
Days Inn of America, Inc.	1	146	—	—	8	1,218	—	—
Lexington Motor Inns	1	218	—	—	—	—	—	—
Howard Johnson Company	1	188	—	—	3	366	1	142
Total	28	4,613	12	2,355	65	14,936	19	3,050

Sources: 1982 Directory of Hotel Systems; Laventhol & Horwath

1983. There currently are 42 chains, up from 40 in 1982. There also are several new groups that have not been included because they will have only one property open by year-end 1983 and their development plans for 1984 are still tentative. These groups include Barrows Properties, Sundowner Motor Inns, Tex-Inn, H.F. Management Corporation and Relay Development Company.

Of the 42 chains, 38 percent are based in the Houston area, 36 percent in the Dallas area, 10 percent in San Antonio and the remainder are spread throughout Texas in cities such as Austin, Laredo, McAllen, Abilene, Brownwood and Odessa.

Forty-two percent of the hotels operated by Texas-based chains are in Texas, an increase of four percentage points from 1981. The number of hotel rooms in Texas also showed an increase, from 35 percent in 1981 to 39 percent in 1982. The average number of rooms per property increased from 161 to 169, while for hotels in Texas it increased from 145 to 159.

The total number of rooms available in 1982 increased 10.2 percent from 1981. There was a dramatic 24.6 percent increase in the number of hotel rooms in Texas to 42,900 in 1982 from 34,437 in 1981.

Because of the poor economic conditions in 1982, hotel developers have not been as optimistic as they were in 1981. L&H's 1982 *Texas Lodging Industry* study indicated that 14,221 rooms would be developed while only 10,448 actually were built. The largest difference is in the plans for 1983. Last year's study indicated that almost 21,000 rooms were to be built in 1983 while developers currently are planning on opening 14,552. One interesting point to note is that our 1982 study showed only four property expansions while the current study shows 13.

Major lodging chain representation in Texas is shown in Chart 3. Holiday Inns, Inc. has the most rooms in Texas, followed by Best Western International. Neither chain has added a substantial number of rooms since 1982. The most dramatic increase has been at Marriott Hotels, up from nine hotels with 3,501 rooms in 1982 to 14 hotels with 5,650 rooms in 1983.

Table 1 ranks the top five Texas-based lodging chains with regard to total number of hotels in Texas. There is no change in ranking from 1982. The most significant change is the recent acquisition of many out-of-state properties by Mariner Corporation, creating a decline in their percentage of Texas-based hotels.

Table 2 shows those chains with the greatest increases in room supply in 1983 and 1984. A significant change has been the relocation of Brock Hotels from Topeka, Kansas, to Dallas. Brock Hotels is expected to add 34 hotels with 3,849 rooms by 1984. This addition, along with the projected 20 motor inns and 2,800 rooms La Quinta Motor Inns is expected to add in 1984, will drop Rodeway Inns from its former first-place ranking to number three.

Fort Worth		Houston		San Antonio		Other Texas		Total Texas		Average Rooms Per Property
Properties	Rooms	Properties	Rooms	Properties	Rooms	Properties	Rooms	Properties	Rooms	
2	2	17	4,605	4	1,034	68	8,224	105	17,258	164
6	1	9	1,484	5	571	98	7,487	132	13,020	99
2	8	8	1,823	3	425	27	2,959	54	7,766	144
1	3	8	2,540	1	487	5	1,027	23	7,543	328
2	0	8	1,041	8	1,148	21	2,310	53	6,436	121
—	—	5	2,001	2	804	1	228	14	5,650	404
3	7	1	205	2	214	32	3,664	45	5,331	118
—	—	3	945	1	190	8	1,283	22	5,046	229
1	1	2	1,358	1	633	—	—	6	3,902	650
1	2	4	415	4	360	22	2,100	38	3,799	100
1	3	3	444	4	371	10	752	28	2,809	100
—	—	3	423	1	120	9	1,291	16	2,387	149
2	4	4	486	2	244	—	—	17	2,342	138
1	4	1	250	1	210	19	1,291	23	2,113	92
—	—	4	544	1	90	5	436	15	1,766	118
22	35	80	1,856	40	6,901	325	33,052	591	87,168	147

Table 1

	Total Number of Hotels	Number of Hotels Located in Texas	Percentage of Hotels Located in Texas
La Quinta Motor Inns, Inc.	120	68	57%
Rodeway Inns International	152	35	23
Lexington Inns	23	22	96
Mariner Corporation	20	14	70
Motor Hotel Management, Inc.	42	12	29%

Table 2

	1983		1984	
	Number of Hotels	Number of Rooms	Number of Hotels	Number of Rooms
Brock Hotels Corporation	9	1,753	34	3,849
La Quinta Motor Inns, Inc.	17	2,271	20	2,800
Rodeway Inns International	20	2,500	20	2,500
Trammell Crow Hotel Company	3	1,550	2	1,259
Pratt Hotels	—	—	2	670

Comments From Around the State

From Arlington

Located mid-way between Dallas and Fort Worth and approximately six miles south of the Dallas/Fort Worth Airport, Arlington has developed as a major industrial/distribution center for the Dallas/Fort Worth area. The city has more than 30 million square feet of industrial space, the largest concentration in the area. Education and tourism are also important components of the economy. The University of Texas at Arlington has more than 19,000 students enrolled, and Six Flags Over Texas Amusement Park attracts over two million visitors annually. Other tourist attractions in the Arlington area include the Texas Rangers Baseball Team, White Water Amusement Park and the Texas Sports Hall of Fame in nearby Grand Prairie.

Occupancy in the Arlington lodging industry decreased more than six percentage points in 1981 and was 64 percent in 1982, reflecting sluggish economic conditions and a resulting decrease in travel in the commercial and tourist markets. The 1982 city-wide average rate was approximately $43, almost 9 percent greater than the 1981 average rate of approximately $39.50.

While overall occupancy was down in 1982, the future outlook for lodging demand growth in Arlington is bright. The city's proximity to the Dallas/Fort Worth Regional Airport, central location relative to Dallas and Fort Worth and availability of land have made it a logical growth area. In 1982, more than 632,000 square feet were added to the city's inventory of office space, an increase of over 70 percent in net leasable space compared with 1981. While vacancy rates are currently high in many of these projects, absorption of space should stimulate additional commercial lodging demand. Additionally, the city has announced plans to develop a convention center at the site of the Seven Seas Amusement Park (now closed) adjacent to Six Flags Over Texas and Arlington Stadium. This should stimulate group/convention activity in Arlington.

In the tourist sector, another water amusement park, Wet 'n' Wild Water, is under construction near Six Flags Over Texas. The project is scheduled to open in mid-1983 and is expected to extend the average length of stay of tourists to the city.

In response to the growth anticipated in the market, there are more than 600 rooms currently under construction in Arlington with an additional 300 rooms in the planning stages.

The outlook for the Arlington lodging industry is steady growth in all market segments as business and industry continue to increase in the area, the convention center is developed and tourism expands. Occupancies are anticipated to decrease over the short term as new hotel projects are added. However, demand should show significant gains.

From Austin

Despite the national recession and the negative effects of the devaluation of the Mexican peso, Austin's economy continued to grow in 1982. The growth of the new "Silicon Valley" of Texas is reflected in the more than $267 million of commercial construction permits issued, a 27 percent increase compared with 1981. In the central business district, approximately 1.4 million square feet of office space is currently under construction, an increase of 45 percent over the existing 3.2 million square feet. Much of this activity is centered on Congress Avenue. Another 750,000 square feet of office space is proposed for the area.

In 1982, city-wide hotel occupancies averaged approximately 77 percent with an average daily rate of approximately $49.30. This represents a one percentage point decrease in occupancy from 1981, even with the addition of nearly 850 hotel rooms. Occupied room nights increased 14 percent in 1982 over the 1981 level, indicating strong growth in demand.

Four new additions to area room supply in 1982 were:

- The 197-room Bradford at Congress Avenue and 7th Street (the renovated Stephen F. Austin Hotel), which opened in February.
- The 448-room Hyatt Regency, which opened in April with approximately 16,000 square feet of meeting and banquet space.
- The 59-room Town Lake Motor Inn in southeast Austin.
- The 138-room Drury Inn in north Austin.

To meet Austin's projected lodging needs, several new hotel development projects and expansions have recently opened or are under construction:

- A 140-room expansion of the Holiday Inn-North property, which opened in early 1983.
- A 130-room La Quinta in southeast Austin, which also opened in early 1983.
- A 200-room Holiday Inn at Mopac and U.S. 183 currently under construction.
- A 115-room Texian Inn south of the Interstate 35 and Highway 290 intersection opened in late 1983.
- A 92-room Brookhollow Inn in northwest Austin opened in 1983.
- A 210-room Howard Johnson's Motor Inn under construction at Woodward and Interstate 35 in southeast Austin.
- A 260-suite Granada Royale under construction in north Austin with a projected opening in late 1983 or early 1984.
- A 350-room La Mansion also under construction in north Austin with a projected opening in early 1984.
- A 319-room Wyndham Hotel (a new Texas-based hotel chain) opened in southeast Austin in July 1983.

A total of more than 1,600 additional hotel rooms are projected to become available in the Austin area by early 1984. With several additional hotel projects currently in different stages of the development process complementing Austin's dynamic economic growth, the area has become the state's focal point in the lodging industry.

From Beaumont/ Port Arthur/Orange

The Golden Triangle is experiencing substantial hotel growth. Several new

hotels and motor inns recently opened, including:

- A 254-room Holiday Inn-Holidome at Interstate 10 and Walden Road in Beaumont will open in 1983.
- The 154-room Beaumont Inn on 11th Street opened in mid-1983.
- The 152-room Relay Station Motel at I-10 and Walden Road in Beaumont.
- A 125-room Ramada Inn opened in Port Arthur.

Other projects proposed for Beaumont include a 150-room chain-affiliated motor inn on the I-10 feeder road between College Station and Washington Boulevard, a 350-room Hilton Inn at I-10 and Cardinal Drive, and a chain-affiliated hotel at the old Red Carpet Inn site.

The Golden Triangle's dependence on petrochemical production has led to a decrease in area occupancy to 75 percent in 1982. This resulted largely from the impact of the oil glut and the decrease in petrochemical production.

The average rate in the Golden Triangle increased nearly 12 percent from $31.51 in 1981 to $35.21 in 1982. As this indicates, area lodging properties have not had to cut rates to maintain occupancy, something common in other cities in Texas.

With the decrease in petrochemical production, the area has recognized the need for diversification and has targeted new industries, including fiber optics and plastics. Continued growth is expected as a result of these diversification efforts.

From Brownsville

Located in the southern tip of Texas, Brownsville has an economy based on tourism, agriculture and manufacturing. With 90 percent of its retail commerce committed to the Mexican shopper and 70 percent of the port's business coming from Mexico, Brownsville was affected severely by the devaluation of the peso. Hotel occupancies dropped 13 percentage points, from 77 percent in 1981 to 64 percent in 1982. City-wide average rates increased from $35 in 1981 to $40 in 1982. Rate increases during 1982 reflected the impact on operating costs of inflation as well as of increased demand from the commercial and group convention sectors, which typically are not rate sensitive.

Phase I (50 rooms) of the Sheraton Plaza Royale opened in spring 1982. Phase II (94 rooms) opened in early 1983. Several projects under consideration were canceled because of the uncertain economic conditions.

The first quarter of 1983 showed an increase in occupancies over 1982, a healthy sign for Brownsville's economic future. The city is promoting the peso devaluation as a way for American tourists to get more for their dollars and retailers are reorienting their marketing efforts to attract the American shopper.

From Corpus Christi

The Corpus Christi lodging industry remained strong in 1982. Estimated occupancy was 73 percent, down from 77 percent in 1981. The average rate increased from $44.23 in 1981 to $48.74 in 1982, a 10.2 percent increase. Operators are still planning on scheduled rate increases in 1983. The drop in occupancy is largely the result of additions to room supply coupled with significant decreases in demand from the tourist and group meeting markets. The city's new convention center has not been able to attract large groups as anticipated, primarily because of the lack of a large hotel downtown. However, two hotels now under construction downtown will be able to attract major conventions to the city. These are a 350-room Marriott Hotel, currently under construction and scheduled for a May 1984 opening, and a 495-room Hershey Hotel also under construction and due to open in January 1985. Both these hotels are on Shoreline Boulevard.

The airport area also has been the site of substantial hotel development. New hotels include:

- The 158-room Ramada Inn-Airport on I-37 and the 247-room Holiday Inn-Airport, which both opened in November 1982.
- A 175-room addition to the Corpus Christi Hilton, bringing the total to 452 rooms. It is currently the largest hotel in the city.

Area hotel operators believe that the airport area will become a separate lodging sector in the near future.

Other lodging developments include the 140-room addition to the Best Western-Sandy Shores on Corpus Christi Beach, northeast of downtown. This expansion brings the facility's total to 225 rooms. Rumored developments include a 440-room Hyatt Hotel to be built adjacent to the convention center, and a 165-room Granada Royale to be built on Padre Island Drive and Everhart.

Corpus Christi's economy is still growing at a steady rate and is expected to provide long-term lodging support. Occupancies, however, are expected to drop in the period from 1983 through 1985 because of the significant additions to lodging supply.

From Dallas

The Dallas lodging industry experienced moderate growth in 1982. The number of rooms sold by area hotels increased 2 percent compared with 1981, although the area-wide occupancy dropped to 64 percent for the year. The four point decrease in occupancy was attributable to an increase of about 7 percent in the room supply. Further decreases in city-wide occupancy levels are anticipated in 1983, as room supply is expected to increase an additional 17 percent.

The city-wide average room rate rose to $48 in 1982, an increase of about 8 percent over the 1981 level. This is the lowest percentage increase since 1976. Current economic conditions and the competitive pricing that has resulted from numerous recent hotel openings are the primary reasons for this relatively small increase.

As the chart on page 8 indicates, additions to the Dallas lodging industry have occurred primarily in the Stemmons/Market Center, North Dallas and airport sectors. The majority of the additions opened in the last quarter of 1982 and their impact will not be felt until 1983. While occupancies are anticipated to drop significantly and rate discounting may be prevalent, these projects reflect anticipated continued growth in these market sectors with the eventual absorption of new rooms.

The expansion of the Apparel Mart and the establishment of a Men's Mart and Infomart at Market Center should increase the number of visitors to Dallas. The Infomart, which will serve the electronics industry, is expected to

generate two new markets in Dallas with approximately 200,000 visitors annually.

The opening of the Dallas Galleria should draw more out-of-town visitors to the North Dallas sector. Additionally, the rapid expansion of available office space should increase commercial demand and the availability of major hotels with extensive meeting space should create some new group and convention demand for the area.

Enplanements at the Dallas/Fort Worth Regional Airport have increased at an annual rate of approximately 7 percent during the past five years, a trend that is expected to continue. Additionally, Las Colinas continues to attract major corporations and has more than 5.5 million square feet of existing office space, with another 3.5 million square feet under construction.

In downtown Dallas, hotel properties have continued to maintain a mid-50 percent occupancy level despite increases in room supply. The expansion of the convention center, which is scheduled for completion by the 1984 Republican Convention to be held in Dallas, should help boost occupancies in the near future. Continued new office development activity, including the construction of a 70-story, 1.7 million-square-foot office building downtown, and the development of the new Dallas Museum of Fine Arts and supporting Arts District should fuel demand growth.

The tremendous increase in the room supply is expected to lower city-wide occupancies to the 50 to 55 percent range during the next few years. However, actual demand should continue to be healthy.

Dallas (New Properties)

Area	Property	Rooms	Status*
Downtown	Ambassador Park (renovation)	113	UC
	Sheraton-Dallas (renovation)	545	UC
	Convention Center Hotel	1,000	P
North Central Expressway	Hilton Inn-Richardson	298	O
	Brookhollow Inn-Richardson	100	UC
North Dallas	Sheraton Park Central Hotel	560	O
	The Lincoln (A Radisson Hotel)	514	O
	Marriott-Quorum	565	O
	The Westin-Galleria Dallas	441	O
	Texian Inn	115	O
	Preston House	78	O
	Registry-Quorum	570	O
	Prestonwood Creek Hotel	400	P
Stemmons Freeway Corridor and Market Center	Granada Royale Hometel	248	O
	Sheraton Inn-Mockingbird (expansion)	112	O
	Wyndham Hotel	542	O
	Melrose Hotel (renovation)	185	O
	Holiday Inn-Brookhollow	358	UC
	Loew's Anatole Hotel (expansion)	720	UC
D/FW Regional Airport and Las Colinas	Mandalay-Four Seasons	423	O
	Marriott-D/FW Freeport	500	O
	Sheraton Grand Hotel	302	O
	Hilton Inn and Executive Conference Center	416	UC
	Holiday Inn-D/FW South (expansion)	161	UC
	Hotel Ibis	200	P
	Las Colinas Conference Center	300	P
	Hyatt Regency	500	P
	Texas Plaza Hotel	400	P

*O-opened; UC-under construction; P-planned.

From El Paso

The negative effects of the devaluation of the Mexican peso and other fiscal policies instituted by the Mexican Government rippled throughout the entire economy of El Paso in 1982. Not surprisingly, the lodging industry has suffered as well.

Demand for lodging accommodations had been increasing steadily since 1977. However, in 1982, total demand decreased approximately 4 percent. Conversely, the supply of rooms had remained relatively stable in the last five years until the opening of the 300-room Marriott Hotel in September 1982.

Market occupancy levels in the El Paso area had increased from 68 percent in 1977 to a high of approximately 80 percent in 1981. However, market occupancy dropped in 1982 to approximately 74 percent. This decrease resulted not only from a decline in demand but also the increase in available rooms created by the opening of the Marriott. Helping offset the effects of the decrease in demand, the market average room rate increased approximately 9 percent to $37 in 1982.

There are several new hotel projects being discussed for El Paso:

- A 125-room expansion and renovation to the Hilton Inn-Airport is in the planning stages. This project calls for adding another restaurant, 10,000 square feet of meeting and function space, renovation of the existing guest rooms and an addition of 125 new guest rooms.
- A 177-room all-suite Brock Residence Inn is planned for a site near the airport.
- The Paso del Norte Hotel, which has been closed for several years, is planned to be totally renovated and expanded. This project will include 400 guest rooms and 10,000 to 12,000 square feet of function space. According to the developers, Amfac has been retained to manage the property.

- A Holiday Inn, to be located on the northwest side of El Paso, is in the planning stages.
- A 400-room Hilton Hotel is planned for a site adjacent to the civic center in downtown El Paso.

Because of El Paso's proximity to the Mexican border, the city has been affected negatively by the new Mexican fiscal measures and the devaluation of the peso. Therefore, the outlook is for limited growth in the lodging industry over the next two years, with recovery expected to begin in 1985.

From Fort Worth

Fort Worth's economic growth remained healthy in 1982, as reflected by the approximately 5.2 million square feet of office space that opened or was under construction. In addition, nonmanufacturing-related employment increased 3.4 percent over the 1981 level.

The Fort Worth lodging industry maintained limited growth in demand through 1980. While significant increases in room supply in 1980 and 1981 adversely affected occupancy levels, the new rooms greatly increased the city's long-term potential for growth in demand. City-wide average occupancy remained stable in 1982 compared with 1981, in the low 60 percent range. This was attributable to the national economy and the decline in oil prices. The city-wide average room rate rose from $37 in 1981 to the low $40 range in 1982.

Despite the relatively low occupancies, numerous developers and hotel companies are interested in Fort Worth. Projects under construction or planned include:

- A 120-room all-suite Residence Inn being developed by Brock Hotel Corporation, scheduled to open in 1983.
- A proposed 360-room hotel planned for the Fort Worth Stockyards.
- Several 100- to 250-room properties planned for the north, south and west sections of the city.

Continued economic growth is projected for Fort Worth as new office space is leased, the national economy starts to recover and new developments are announced.

From Galveston

The national recession had a negative impact on discretionary travel in 1982, affecting Galveston's lodging industry, which depends largely on tourism. The year-end city-wide occupancy was approximately 68 percent, a six point decrease from 1981's occupancy of 74 percent. Occupancies during the summer months were reported at approximately 79 percent and during the winter months at about 47 percent. Families from Northern states who reside in Texas during the winter months are one source of tourist demand. The mild winter in 1982 reduced the number of these "Winter Texans."

The average room rate on the island rose from $38.75 in 1981 to $41.50 in 1982, a 7 percent increase. The tourist market is typically rate sensitive, and increases in average rates in Galveston generally reflect inflationary increases in expenses.

Tourism remains Galveston's number one industry, with the majority of the commercial activity related to the Port of Galveston and the University of Texas Medical Branch. Development has continued in the commercial sector with the renovation and construction of several downtown structures, including the Shearn Moody Building, Marine Building and Hunter Building. All three are located in the Strand area, Galveston's principal commercial area, which contains a variety of renovated historic buildings housing specialty retail shops, restaurants, offices and apartments.

Hotel development also continued. Projects that opened or were under construction during 1982 included:

- A 24-room expansion of the Commodore Hotel.
- The 244-room San Luis on the Fort Crockett bunker. The project, which is being developed by Mitchell Development, also will include 85 condominium units.
- Renovation of the historic 117-room Tremont Hotel on the Strand.
- A 160-room Holiday Inn under construction on the Fort Crockett bunker.
- A 106-room Econolodge being developed one block off the seawall on 61st Street.

Other rumored hotel projects could add 700 guest rooms by 1986.

The outlook for the lodging industry in Galveston is favorable, but a slower growth rate is projected in 1983.

From Harlingen

Located in the heart of the Rio Grande Valley, Harlingen is a transportation, processing, distribution and marketing center. Because of its highly diversified industrial and agricultural base, the Harlingen economy remained fairly stable in 1982 despite the economic recession. Since Harlingen is not a border city to Mexico, it does not depend on Mexican shoppers. Therefore, the effect of the devaluation of the peso on the local economy was minimal.

The area lodging industry showed an increase in average room rate from $23.47 in 1981 to $28.81 in 1982. Year-end occupancies were 64.7 percent in 1982, down from 75.6 percent in 1981. This 10.9 percentage point decrease in overall occupancy can be attributed to the decrease in commercial traffic experienced throughout the Rio Grande Valley as a result of the recession. Commercial demand in Harlingen comprises approximately 67 percent of total demand.

The only addition to hotel room supply in 1982 was a 138-room La Quinta Motor Inn that opened in May.

From Houston

Occupancy in the Houston lodging industry declined during 1982 for the first time in several years. This was attributable to major additions to room supply and a decline in demand as a result of the oil and gas situation and the devaluation of the Mexican peso. Occupancy levels remained fairly stable until June. However, city-wide occupancy was 60.8 percent at year-end 1982, a seven point drop from 1981. Decreases in occupancy by geographic sector ranged from a low of five points to a high of 11 points. Average room rates increased at much more moderate rates than they have historically. The city-wide average room rate was $49.39, a 6.5 percent increase over 1982. Individual sector room rate increases ranged from a low of 3 percent to a high of 9 percent.

New hotel development and expansion activity occurred at an unequalled pace in 1982. Eighteen new hotels and four expansions added approximately 4,600 rooms, the largest addition to area supply in Houston's history. Nine hotels recently completed or currently under construction will add more than 3,000 rooms by the end of 1984. These include the following projects:

- The 200-room Ibis and the 450-room Sheraton in North Houston, both of which opened in spring 1983.
- Three new hotel projects in the West Loop/Greenway Plaza area. The 519-room Hotel Inter-Continental Houston, across from the Galleria, and the 500-room Holiday Inn-Galleria will open in late 1983. The 350-room Holiday Inn-Wakeforest will open near Greenway Plaza in 1984.
- The 357-room Holiday Inn at Park 10 and the 400-room Hyatt Regency Woodcreek, both in west Houston. These projects are scheduled to open in 1983.
- At the Texas Medical Center, a 410-room Marriott under construction adjacent to Scurlock Tower and a 186-room all-suite independent property being developed in conjunction with a medical office building by Cooley Interests. Both will open by late 1984.

A number of other projects are proposed for development, but we do not anticipate that hotel development activity will continue at the same pace as in the past few years.

Commercial activity has dropped as a result of the oil and gas situation. Area economists projected that this trend would bottom out by mid-1983, followed by a slow recovery. The local economy is projected to return to normal within 18 to 24 months.

The Astrodome complex is undergoing renovation and expansion, which should improve the availability of convention facilities. Planning is still underway for a new convention center to be located downtown in Houston Center. These developments will support growth in convention activity. Tourism should continue to increase at moderate rates.

Demand for lodging facilities is projected to remain fairly stable in 1983. In general, occupancy levels will continue to be moderate during the next several years. Eventually, demand increases will absorb the additions to supply and provide additional support for new development.

From Longview

Lodging demand in Longview was relatively strong during 1982, as exhibited by the estimated average occupancy of 70 percent and the average room rate of approximately $32.50. These statistics represent a decrease of approximately three percentage points in occupancy and a 7 percent increase in average room rate compared with 1981 operating levels.

The addition of 76 rooms to the Best Western-Longview Inn in September was the only significant increase in room supply during 1982. A 108-room Guest Inn (an all-suite property) and a 106-room La Quinta Motor Inn opened in early 1983. The 36-unit CommerCenter, another all-suite facility, opened in mid-1983. Several other hotel projects are being discussed, including a Hilton Inn and a Sheraton Inn.

The overall Longview economy was strong through the first half of 1982, as exhibited by the development of 15 new industrial facilities and 16 plant expansions. However, during the latter part of the year, the city was strongly affected by the decrease in oil and gas activity. This was most apparent in the layoff of approximately 4,000 employees at the Lone Star Steel facility, which manufactures oil-related pipe products in nearby Lone Star, Texas. Average annual unemployment for Longview and the surrounding areas was 10.4 percent in 1982, a dramatic increase from the 6.1 percent level experienced in 1981.

The Longview lodging industry may experience relatively low occupancy and average room rates in the near future because of the current economic conditions and the addition of 250 new guest rooms. However, as the general economic climate improves, Longview's lodging industry could experience moderate growth.

From McAllen

In contrast to 1981, an exceptionally good year for tourism in the Rio Grande Valley area, 1982 economic levels were affected severely by the devaluation of the Mexican peso. McAllen's economy traditionally has been based on tourism, agriculture and both retail and wholesale trade with Mexico. Northbound border crossings declined 7.5 percent from 1981 to 1982, while retail sales dropped 12.8 percent.

The McAllen area lodging industry also showed a marked decrease in occupancy, from approximately 81 percent in 1981 to 68 percent in 1982. This year-end occupancy figure for 1982 reflects a fairly healthy first two quarters, with the strongest negative impact occurring after August as a result of the second peso devaluation. There was little increase in average room rates, which have held at about $30 to $34. Rate stability during 1982 reflects decreased demand in all segments because of the impact of the Mexican economic situation and subsequent rate resistance.

Interest in area development has slowed considerably. The McAllen business community has described the peso devaluation as "upsetting business and causing great uncertainty about the future." Recent efforts to diversify the economy have not been strong enough to overcome the effects of past dependence on Mexican consumers.

Although there are very preliminary plans for hotel developments in the McAllen area, none are definite at this point.

From Midland/Odessa

Located within the Permian Basin, the Midland/Odessa "Petroplex" is one of the nation's leading centers for oil production, well servicing and supply companies, as well as for industries using petroleum in manufacturing. These industries also are tied to the international petroleum markets and provide products and services that are used on an international scale.

The rapid rise of world crude oil prices from the 1970s through 1981, coupled with government deregulation, stimulated extensive exploration activity and resulted in unprecedented growth in the local economy. During 1982, this growth diminished with the weakening of demand for oil caused by the worldwide recession and the over-production of lower-cost oil,

which forced oil and gas prices down.

Many real estate projects started during the boom from 1981 to mid-1982 are now nearing completion. Although some of the projects proposed during this period have been postponed, additional new development is expected to continue at a moderate rate. In Midland, approximately 1.7 million square feet of new office space is expected to become available by 1985.

Overall, occupancies at Midland hotels declined from approximately 76 percent in 1981 to 64 percent in 1982. Diminished travel to the area, coupled with the 78-room expansion to the Holiday Inn-Country Villa and the addition of 106 rooms to the existing Lexington Motor Inn, has contributed to this decline in occupancy.

Hotel projects opened, planned or under construction in Midland include:

- The 51-room Metro Inn, which opened in late 1982.
- The 98-room Quality Inn-Executel, which opened in early 1983.
- The 114-room Mark Twain Inn, a prototype for a moderately priced lodging concept, which opened in mid-1983.
- The 146-room La Quinta Motor Inn on U.S. Highway 80 in west Midland, which opened in mid-1983.
- A 215-room Ramada Hotel to be located on Wall Street, scheduled to open in September 1984.

Hotel projects being considered for future development in Midland include the following:

- A 300- to 400-room first-class hotel to be located in the central business district.
- A 325-room hotel to be located in the downtown area.
- A 210-room all-suite hotel to be located in the ClayDesta Plaza development.
- A 200-room first-class hotel to be located in the northern portion of the ClayDesta Plaza development.
- A 159-room all-suite luxury hotel being considered for a site in the downtown area.

Although the petroleum industry provides the basis for the Midland economy, the city is attempting to become more economically diverse, which should make its economy less vulnerable to fluctuations in world oil prices.

In recent years, Odessa also has actively attempted to attract major new high technology industries to diversify its economic base. A large petrochemical complex containing 16 plants and employing approximately 1,500 people, located south of Odessa, is the largest inland petrochemical center in the nation. While overproduction trends in the oil and gas industry softened the growth rate in Odessa in 1982, the effects are anticipated to be short term and moderate growth is anticipated through 1985. The presence of Texas Instruments and Texas Peripheral helps to buffer the area from the fluctuations of the oil industry.

This historical growth has resulted in the following hotel development activity:

- The 60-room Parkway East Motel, which opened in January 1982.
- A 52-room expansion to the 107-room Rodeway Inn that was completed in mid-1982.
- The 46-room Crown Motel, which opened in late 1982.
- The 59-room Super Saver Motel, which recently opened.
- A 200-room Hilton Inn currently under construction.
- A proposed 175-room Granada Royale Hometel.

The Odessa lodging industry is becoming increasingly competitive with the addition of many new lodging facilities in both Midland and Odessa.

From Tyler

Located on the edge of the East Texas oil field, Tyler is influenced by the oil and gas industries. However, its economic diversification has prevented it from being affected severely by the current downturn in the oil and gas industry. Consequently, while lodging demand decreased in many other cities with oil-related economies, demand for lodging accommodations in Tyler increased approximately 2 percent from 1981 while room supply increased nearly 6 percent. The increase in available rooms was the result of the addition of 52 rooms at the Rodeway Inn.

Occupancy declined from 74 percent in 1981 to 72 percent in 1982, while the average room rate increased approximately 16 percent to $32.

The continued growth in lodging demand has stimulated lodging development activity. The following projects are in various stages of construction or planning:

- A 130-room La Quinta Motor Inn is under construction on the south side of Tyler, and is scheduled to open in fall 1983.
- A 200-room Ramada Hotel is under construction on the south side of the city and is scheduled for completion by mid-1984.
- A 160-room Holiday Inn, to be located in south Tyler, is in the planning stages.
- A 156-room Hilton Inn is planned for a site adjacent to Loop 323 in south Tyler.
- A 40-room Stratford House Inn has been proposed for a site in north Tyler.

Tyler's economy is based on four industries: manufacturing, oil and gas, medical services and agriculture. The city is the Smith County seat and serves as a center for regional headquarters of numerous oil- and gas-related firms. Tyler also is developing as a regional service center for health care, government, education, finance, insurance, retail and real estate for the entire East Texas area. The overall Tyler economy appears to be strong. A great deal of new development, including office, retail and lodging projects, is occurring in the city's southern portion near Loop 323.

The Tyler lodging industry should experience moderate growth in the next few years. However, with the additions to room supply, occupancy levels are projected to decline until growth in demand allows for the absorption of the new rooms.

Texas Lodging Industry—1983

by Mark V. Lomanno
Research and Development Division

Bases of statistics

The statistics presented in this report have been computed on the three most common bases used to analyze the operating results of lodging enterprises: annual amounts per available room, ratios to room sales and ratios to total sales. Readers not familiar with L&H studies, and particularly those who are not well acquainted with the financial statements of hotels, are advised to read carefully Chapter 28 of *Hotel Accounting*, published by the Ronald Press Division of John Wiley & Sons, New York. An understanding of this material is essential to a thorough understanding of the meaning and significance of the statistical information in this report.

Most of the figures used in this study are medians and quartiles. (These terms are defined in the "Explanation of Terms" section.) We also use the arithmetic mean where appropriate. For example, the "Texas Lodging Industry Dollar" (page 14) is based on means because it is useful to show absolute values rather than the relative position of the operating results of the establishments in the sample, which are represented by the medians. The figures are not intended to be used as standards or goals, but as guidelines. We believe that medians and quartiles are most useful for that purpose.

Market data

Information on source of business, the composition of the market, the percentage of advance reservations, and the sources and composition of advance reservations was provided by more than 40 percent of the contributors to this study. These results are shown in Exhibit 1.

For this group of properties, 90.5 percent of the demand for rooms came from domestic sources, while 9.5 percent came from foreign sources. The percentage of foreign travelers to these hotels declined considerably from the 14.3 percent of total demand this segment provided in 1981. Several major factors were responsible for this reported drop. The first was the strength of the U.S. dollar against most major foreign currencies throughout 1982. This made it advantageous for Americans to travel abroad but less attractive for foreign travelers to come to the U.S.

Another major factor was the severe economic difficulty suffered by Mexico in 1982. Devaluation of the peso and travel restrictions placed on the Mexican population severely curtailed foreign travel by this important segment of demand for Texas hotels. While the majority of foreign guests still came from Mexico, their position as the dominant segment of foreign demand has begun to wane. As the accompanying table shows, in 1982 Mexicans represented only 37 percent of foreign guests staying at Texas hotels, down considerably from 58.7 percent in 1980.

The table also shows the percentage breakdown of the foreign market for 1982, 1981 and 1980 as reported by the contributing hotels.

	1982	1981	1980
Percentage of guests from:			
Mexico	37.0%	51.6%	58.7%
Canada	17.3	9.5	7.0
Japan	7.7	6.5	1.9
Middle East	7.0	3.2	2.5
South America	6.8	9.7	7.0
Britain	5.9	2.9	7.6
Germany	4.9	0.6	1.6
Central America	4.4	9.3	6.7
Other	9.3	6.7	7.0
Total	100.0%	100.0%	100.0%

Business travelers continue to represent the largest demand segment in the Texas lodging industry. However, their share of the composition of market has dropped considerably since 1980. As Exhibit 1 shows, the percentage of business travelers staying at properties that provided the data dropped from

62.4 percent in 1980 to 43.7 percent in 1982. The prolonged recession was the primary factor responsible for this decline. Texas lodging properties were particularly hard hit as the slumping oil and gas industry – a vital force in the Texas business community – suffered a particularly distressing year. With the percentage of business travelers down considerably, there were corresponding increases in the percentages of other types of travelers, with conference participants showing the largest increase.

As the percentage of conference participants and tourists staying in Texas hotels rose in 1982, travel agents and tour operators represented a larger portion of advance reservations at the reporting hotels. Conversely, with the reduction in business travel, reservation systems accounted for a substantially smaller portion of advance reservations for the second consecutive year.

For those properties supplying the information, a slightly larger percentage of guest accounts were settled with credit cards and cash in 1982 than in 1981. Following is a three-year breakdown of method of payment:

	1982	1981	1980
Method of payment:			
Cash	31.6%	30.0%	32.0%
Credit card	50.5	49.8	59.1
Travel agent & tour operator	4.9	5.6	3.2
All other credit	13.0	14.6	5.7
Total	100.0%	100.0%	100.0%

Exhibit 1
Market Data*

	1982	1981	1980
Source of Business			
Domestic	90.5%	85.7%	88.6%
Foreign	9.5	14.3	11.4
Total	100.0%	100.0%	100.0%
Percentage of Repeat Business	48.5%	56.3%	56.7%
Composition of Market			
Government Officials	5.5%	3.5%	2.1%
Businessmen	43.7	50.1	62.4
Tourists	23.5	22.0	17.5
Conference Participants	19.8	13.7	13.0
Other	7.5	10.7	5.0
Total	100.0%	100.0%	100.0%
Percentage of Advance Reservations	74.9%	74.8%	69.4%
Composition of Advance Reservations			
Direct	42.2%	37.5%	37.6%
Reservation Systems	28.6	38.4	48.9
Travel Agents & Tour Operators	15.9	11.8	8.7
Other	13.3	12.3	4.8
Total	100.0%	100.0%	100.0%

*Based on those supplying detail. All figures are means.

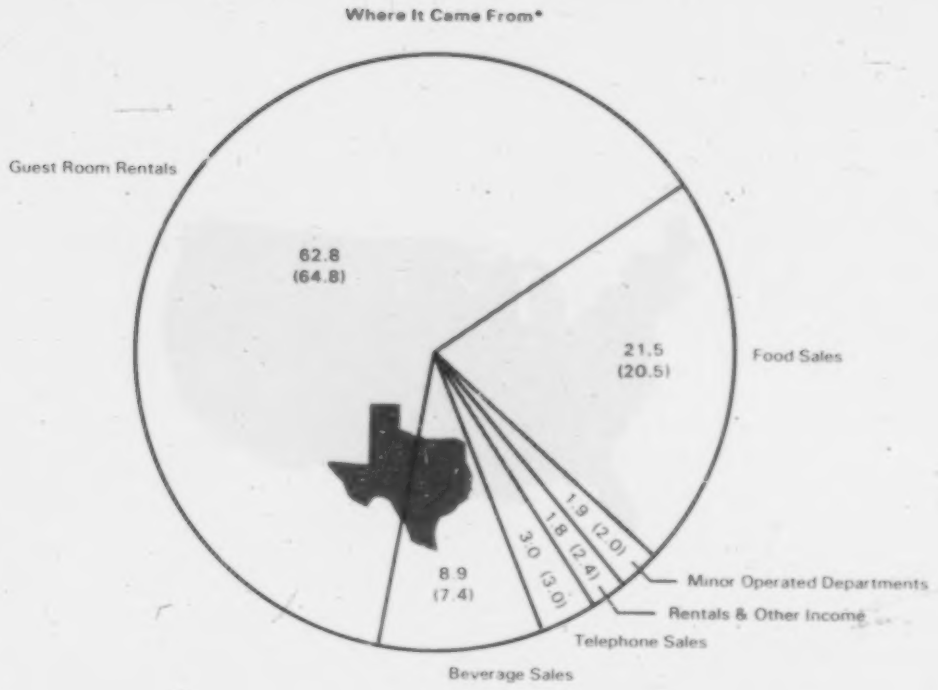
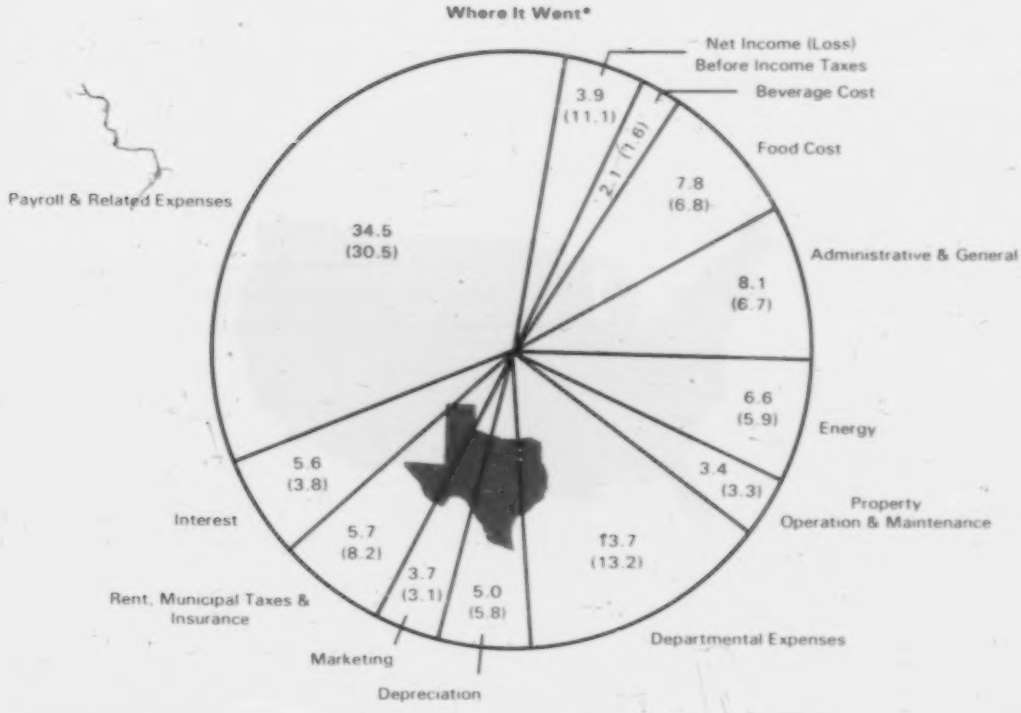


Chart 4: The Texas Lodging Industry Dollar



*Based on the arithmetic mean. 1981 amounts (in parentheses).

Texas lodging industry dollar

The source and distribution of the Texas lodging industry dollar for 1981 and 1982 are shown in Chart 4. Guest room rentals declined for the third straight year, representing 62.8 percent of the lodging dollar in 1982 compared with 64.8 percent in 1981 and 66.5 percent in 1980. This result was not surprising given the reported large drops in occupancy and the associated decline in room revenue. With room revenue declining, increases in the percentage of both food sales and beverages sales were reported. Revenue generated by telephone sales, minor operated departments and other income remained at or near 1981 levels.

Payroll and related expenses and departmental expenses both rose dramatically again in 1982. Together, these two expense items constituted 48.2 percent of the Texas lodging dollar, or almost half of all hotel expenditures. These expense items have increased 32.8 percent since 1980, when they represented 36.3 percent of the lodging dollar.

Increases in the various expense items were not limited to those two areas, as every expense item (with the exception of depreciation and rent, municipal taxes and insurance) rose compared with the 1981 levels. The widespread rise in expenses was reflected in the bottom line. Participating hotels reported a sharp drop in net income before income taxes, down to 3.9 percent in 1982 from 11.1 percent in 1981.

Rooms department

Rooms department income and expenses are presented as both amounts per room and ratios to total sales in Exhibit 2. To give the reader a better understanding of the range of data reported by participating hotels, medians and quartiles are presented for each line item.

Exhibit 2
Rooms Department Income and Expenses*

	Amounts Per Available Room			Ratios to Total Sales		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Departmental Revenue						
Sales (All Sources Including Public)	$8,474	$9,908	$11,891	60.7%	71.2%	79.2%
Allowances	(50)	(78)	(108)	(.3)	(.5)	(.7)
Net Revenue	8,299	9,886	11,735	59.6	70.7	79.3
Departmental Expenses						
Total Payroll & Related Expenses	$1,470	$1,730	$ 2,001	9.7%	12.0%	15.1%
All Other Departmental Expenses						
Commissions (Including Travel Agents')	9	38	88	.1	.3	.5
Contract Cleaning	12	34	83	N	.2	.6
Laundry & Dry Cleaning	33	120	198	.2	.6	1.3
Linen	73	119	172	.4	.7	1.2
Operating Supplies (Guest Paper, Cleaning, Printing & Stationery)	155	239	337	1.0	1.5	3.0
Reservation Expense	78	105	153	.5	.8	1.0
Uniforms	8	18	33	N	.1	.2
All Other Expenses	69	123	344	.4	.9	3.3
Total Other Departmental Expenses	677	844	1,118	4.4	5.8	8.8
Total Departmental Expenses	2,218	2,600	3,053	14.4	17.7	24.1
Net Departmental Income (Loss)	$5,693	$7,301	$ 8,846	44.4%	52.6%	56.6%

*All figures are medians and quartiles and do not necessarily add to totals shown.
N – Negligible.

With occupancy levels down sharply and room rates showing only modest increases, median net revenue per room declined to $9,886 in 1982 from $10,155 in 1981. Payroll and related expenses continued to be the largest single expenditures in this department, with linen, laundry and operating supplies making up the largest portion of the other departmental expenses. Median total departmental expenses were reported at $2,600 per room, up slightly from the previous year. This, coupled with the reported decline in net rooms revenue, drove net departmental income down 8.9 percent, from $8,013 in 1981 to $7,301 in 1982.

Exhibit 3 presents rooms department income and expenses as ratios to room sales using medians and quartiles. Median net departmental income was 74 percent in 1982, down from the 76.1 percent reported in last year's study.

Occupancy and average rate

Exhibit 4 compares occupancy, double occupancy, average room rate and other selected measures for participating properties in 1980, 1981 and 1982. The median occupancy for the contributing Texas hotels was 65.6 percent in 1982, a 10.6 percentage point drop from the 76.2 percent reported in 1981. This one statistic provides an accurate indication of the severity with which the recession affected Texas lodging properties in 1982. Occupancy declines were so widespread that occupancy rates for the upper quartiles in 1982 were only slightly above the median occupancy reported for the preceding year: 76.5 percent compared with 76.2 percent. With room night demand falling to its lowest level in the five years that this report has been published, it is not surprising that the double occupancy rate also dropped considerably, from 44.3 percent in 1981 to 39.7 percent in 1982.

Also shown in this exhibit are average rates, both per room and per guest, along with the productivity index. This index measures the relationship between sales and payroll costs. Given the severe drop in revenue generated, it is surprising that the decline in this measure was not more pronounced than the 6.4 percent reported.

Exhibit 3
Rooms Department Income and Expenses—Ratios to Room Sales—1982*

	Ratios to Room Sales		
	Lower Quartile	Median	Upper Quartile
Departmental Revenue			
Sales (All Sources Including Public)	100.0%	100.0%	100.0%
Allowances	(.4)	(.8)	(1.1)
Net Revenue	100.0%	100.0%	100.0%
Departmental Expenses			
Payroll			
Salaries & Wages	12.1	13.3	16.1
Employee Benefits (Including Payroll Taxes & Meals)	2.8	3.3	4.3
Total Payroll & Related Expenses	15.0	17.1	19.4
All Other Departmental Expenses			
Commissions (Including Travel Agents')	.2	.4	.8
Contract Cleaning	.1	.4	.8
Linen	.7	1.0	1.8
Laundry & Dry Cleaning	.3	.1	1.9
Operating Supplies (Guest Paper, Cleaning, Printing & Stationery)	1.7	2.2	3.9
Reservation Expense	.9	1.1	1.5
Uniforms	N	.2	.3
All Other Expenses	.7	1.3	4.2
Total Other Departmental Expenses	6.7	8.7	11.3
Total Departmental Expenses	22.7	25.9	31.4
Net Departmental Income (Loss)	68.6%	74.0%	77.3%

*All figures are medians or quartiles and do not necessarily add to totals shown.
N — Negligible

Food and beverage department

The median ratios to total food and beverage sales for the food and beverage department in 1981 and 1982 are shown in Exhibit 5. Both food and beverage sales remained relatively stable during the three years shown, at 72 percent and 28 percent respectively. Total cost of sales also remained consistent with year-earlier results at about 32 percent. However, because of a modest increase in some departmental expenses, total departmental income showed a slight decline to 17.7 percent.

Exhibit 4
Occupancy and Average Rate*

	1982			1981			1980		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Average Room Rate	$33.59	$39.34	$51.92	$30.51	$36.05	$44.54	$24.62	$32.68	$38.96
Average Room Rate (Per Guest)	23.88	30.29	45.99	19.98	24.62	39.27	23.78	28.87	35.01
Occupancy	56.6%	65.6%	76.5%	63.3%	76.2%	84.5%	64.3%	73.4%	87.1%
Double Occupancy	27.6	39.7	51.6	30.4	44.3	51.2	14.6	27.9	45.8
Productivity Index	$ 2.88	$ 3.36	$ 4.56	$ 2.95	$ 3.59	$ 4.23	$ 3.16	$ 3.88	$ 4.87

*All figures are medians and quartiles and do not necessarily add to totals shown.

Exhibit 5
Food and Beverage Department Income and Expenses
1982 Compared With 1981*

	Median Ratios to Total Food and Beverage Sales		
	1982	1981	1980
Sales			
Food	73.1%	74.4%	72.8%
Beverage	28.4	27.0	28.7
Total	100.0	100.0	100.0
Cost of Sales			
Food**	35.4	35.6	36.9
Beverage***	21.9	21.9	22.0
Total	31.9	32.0	32.9
Gross Profit	68.0	68.0	67.1
Other Income	3.4	3.5	3.1
Gross Profit & Other Income	72.0	71.3	71.5
Departmental Expenses			
Payroll & Related Expenses	42.3	41.6	40.1
Music & Entertainment	2.1	1.6	3.6
China, Glassware, Silver, Linen	1.4	1.7	1.6
Contract Cleaning	.3	.2	.2
Kitchen Fuel	.3	.4	.1
Laundry & Dry Cleaning	1.0	.5	.7
Licenses	.3	.3	.3
Operating Supplies	2.8	2.8	2.6
Other Operating Expenses	1.3	1.0	1.2
Uniforms	.4	.5	.5
All Other Expenses	2.1	1.7	1.2
Total Departmental Expenses	54.5	55.9	57.8
Departmental Income	17.7%	19.2%	14.0%

*All amounts are medians and do not necessarily add to totals shown.
**After credit for employees' meals. Food cost shown as a percentage of food sales.
***Beverage cost shown as a percentage of beverage sales.

An extensive analysis of the key performance measures relating to the food and beverage department is presented in Exhibit 6. Sales per room, sales per seat, average checks and similar statistics are provided for the reporting Texas hotels and their counterparts throughout the country. Medians and quartiles are shown to give a better picture of the

Exhibit 6
Food and Beverage Statistics—By Selected Criteria*

	Texas			
	Lower Quartile	Median	Upper Quartile	United States**
Food Sales—By Facility				
Amount Per Available Room				
Dining Room	$1,311	$1,941	$3,053	$2,343
Room Service	171	247	461	333
Banquet	348	884	1,455	1,047
Bar/Lounge	34	103	443	112
Total	$2,052	$2,671	$4,568	$3,613
Ratio to Total Food Sales				
Dining Room	53.6%	66.4%	81.6%	66.6%
Room Service	6.2	7.5	8.8	6.1
Banquet	19.4	27.5	37.3	29.3
Bar/Lounge	1.2	2.4	11.5	2.1
Amount Per Seat				
Dining Room	$2,995	$3,974	$5,112	$4,708
Banquet	343	440	642	705
Bar/Lounge	56	216	1,189	217
Total	$1,037	$1,938	$3,792	$1,959
Average Check				
Dining Room	$4.93	$5.60	$11.89	$6.30
Room Service	5.38	8.23	8.90	6.85
Banquet	7.22	11.41	15.70	11.41
Total	$4.99	$5.50	$8.38	$6.86
Covers Served Per Seat				
Dining Room	233	689	1,053	643
Banquet	32	44	56	73
Room Service Sales				
Per Occupied Room				
Food	$.73	$1.22	$2.51	$1.45
Beverage	.12	.37	.93	.46
Total	$.75	$1.41	$3.46	$1.79
Per Guest				
Food	$.62	$1.08	$1.97	$1.05
Beverage	.18	.28	.73	.30
Total	$.76	$1.34	$2.65	$1.28

*All figures are medians and quartiles and do not necessarily add to totals shown.
**All amounts are medians.

range of amounts reported. Amounts per seat, both for food sales and beverage sales, were generally higher for the total U.S. sample than for the contributing Texas hotels. The other measures of performance in the food and beverage department shown in this exhibit also reveal slightly lower levels for the Texas hotels.

Exhibit 6 (continued)*

	Texas			
	Lower Quartile	Median	Upper Quartile	United States
Beverage Sales—By Facility				
Amount Per Available Room				
Dining Room	$ 99	$ 385	$1,199	$ 679
Room Service	23	73	162	100
Banquet	136	228	434	338
Bar/Lounge	561	828	1,208	1,011
Total	$617	$1,100	$2,505	$1,718
Ratio to Beverage Sales				
Dining Room	10.3%	19.8%	57.3%	31.9%
Room Service	2.7	4.0	7.1	4.5
Banquet	8.5	17.3	26.1	17.6
Bar/Lounge	45.1%	77.3%	99.2%	65.6%
Ratio to Food Sales				
Dining Room	7.1%	14.4%	29.0%	20.0%
Room Service	13.5	22.9	34.9	28.3
Banquet	16.1	23.2	29.8	23.7
Total (Including Bar/Lounge)	29.9%	39.4%	57.4%	41.0%
Amount Per Seat				
Dining Room	$159	$ 273	$ 642	$ 693
Banquet	51	103	218	157
Bar/Lounge	1,329	2,370	3,435	2,301
Total	$443	$ 773	$1,300	$ 801

*All figures are medians and quartiles and do not necessarily add to totals shown.

Staffing levels

Exhibit 7 provides an analysis of several important criteria concerning staffing levels throughout the hotel. The figures are based on the average number reported by establishments listing employees in each department and are intended as departmental staffing guidelines. With occupancy levels declining, the median total numbers of full-time equivalent employees (FTE) per 100 available and per 100 occupied rooms were down from the previous year's results, at 17.9 percent and 6.2 percent respectively. The rooms and food and beverage departments, where the overwhelming majority of employees work, were the departments most affected by the staff reductions.

Employee productivity

Employee productivity expressed in terms of total sales per employee for both 1982 and 1981 is shown in Exhibit 8. For those hotels providing the detail, median total sales per employee increased to $38,067 in 1982 from $30,233 in 1981. Increases over year-earlier results were evident in every department in this measure of productivity.

Exhibit 7
Staffing Levels—Full-Time Equivalent Employees*

	Number of Employees Per 100 Available Rooms			Number of Employees Per 100 Occupied Rooms		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Rooms	13.0	17.0	22.3	18.5	25.5	39.2
Food & Beverage	15.2	19.8	29.3	23.2	28.7	59.4
Telephone	.9	1.3	1.7	1.3	1.9	4.0
Minor Operated Departments	.3	2.4	3.9	.4	4.7	6.6
Administrative & General	2.4	3.5	5.4	3.5	5.3	7.6
Marketing—Sales	.9	1.7	2.0	1.8	2.7	4.2
Marketing—Other	**	**	**	**	**	**
Property Operation & Maintenance	2.1	2.6	3.5	3.6	4.9	5.7
Personnel	.3	.4	.7	.4	.8	1.2
House Laundry	1.3	1.9	2.7	2.5	3.1	6.1
Other	.2	.6	1.0	.3	1.0	1.6
Total Full-Time Equivalent Employees	41.2	46.9	56.2	66.9	72.6	99.4

*Based on those supplying detail. All figures are medians or quartiles and do not necessarily add to totals shown.
**Insufficient response.

Exhibit 8
Employee Productivity—Sales Per Full-Time Equivalent Employee—1982 Compared With 1981*

	1982			1981		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Rooms	$46,582	$72,457	$92,020	$45,648	$53,863	$72,488
Food & Beverage	17,879	26,786	38,471	14,575	16,518	36,889
Telephone	34,073	49,935	59,491	24,137	54,763	74,530
Minor Operated Departments	12,315	27,706	341,882	9,341	19,075	36,561
Total Sales Per Employee	$32,253	$38,067	$48,032	$25,448	$30,233	$36,818

*Based on those supplying detail. All figures are medians or quartiles and do not necessarily add to totals shown.

Payroll and related expenses

Departmental payroll and related expenses as costs per available room and per occupied room per day are analyzed in Exhibits 9 and 10 respectively. (With a majority of all hotel employees working in the room and food and beverage departments, approximately two-thirds of payroll and related expenses are allocated to those two departments.) Total costs per room, for the reporting Texas properties, increased more than 19 percent in 1982 to $4,460 compared with $3,741 in 1981. The largest increases in payroll costs, both per available room and per occupied room per day, were in the food and beverage department. These findings are consistent with the results reported in Chart 4 (page 14), where payroll and related expenses required a significantly larger share of total revenue.

Exhibit 9
Payroll and Related Expenses—Cost Per Available Room*

	Lower Quartile	Median	Upper Quartile
Rooms	$1,470	$1,711	$1,981
Food & Beverage	1,107	1,644	2,279
Telephone	92	132	170
Minor Operated Departments	5	113	289
Administrative & General	360	649	1,148
Marketing	156	321	431
Property Operation & Maintenance	317	369	534
House Laundry	68	116	212
Total Cost Per Available Room	$2,794	$4,460	$5,639

*All figures are medians or quartiles and do not necessarily add to totals shown.

Exhibit 10
Payroll and Related Expenses—Cost Per Occupied Room Per Day*

	Lower Quartile	Median	Upper Quartile
Rooms	$ 6.22	$ 6.96	$ 8.92
Food & Beverage	4.28	6.59	10.75
Telephone	.44	.63	.87
Minor Operated Departments	.03	.59	1.80
Administrative & General	1.53	3.26	5.60
Marketing	.69	1.45	2.34
Property Operation & Maintenance	1.22	1.72	2.52
House Laundry	.28	.54	1.31
Total Cost Per Occupied Room Per Day	$11.89	$17.54	$26.18

*All figures are medians or quartiles and do not necessarily add to totals shown.

Chart 5 shows payroll and related expenses by department as a ratio to total payroll and related expenses. Again, the rooms and food and beverage departmental payrolls and related expenses were substantially higher than those in any other department, amounting to nearly 70 percent of the total payroll expense at participating hotels. The arithmetic mean is used in this analysis to show absolute value rather than the relative position of the items analyzed in the sample, as represented by the median.

Undistributed operating expenses

Administrative and general expenses

Administrative and general expenses for the Texas hotels in this sample are shown in Exhibit 11 as both amounts per available room and ratios to total sales. In this year's study, management fees are not analyzed as an administrative and general expense. Rather, they are included as a separate line item in Exhibit 18. The reader should keep this in mind when comparing total administrative and general expenses with those in previous years' reports. Payroll and related expenses, at a median of $665, constituted the largest single expense component, followed by credit card commissions and all other expenses at $206 and $169 respectively.

Marketing expenses

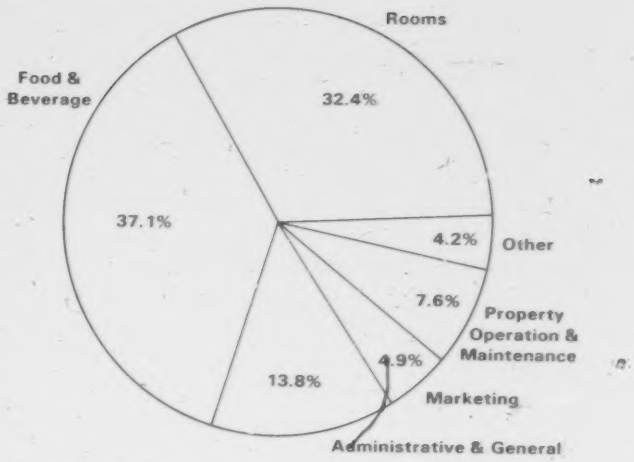
Payroll, printed advertising and franchise fees together constituted a major portion of marketing costs, as Exhibit 12 shows. Generally, advertising expenditures as amounts per room were above 1981 levels. These increased costs were at least partially responsible for the increase in total marketing expenses for this group of properties. The increase in marketing expenses was not as large as that reported for the total U.S., at 3.3 percent compared with 13.8 percent.

Exhibit 11
Administrative and General Expenses*

	Amounts Per Available Room			Ratios to Total Sales		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Payroll & Related Expenses	$ 360	$ 665	$1,154	2.9%	4.3%	6.5%
Other Expenses						
Bad Debts	16	44	61	.1	.3	.4
Credit Card Commissions	150	206	286	1.3	1.6	1.8
Data Processing Service	18	48	61	.1	.2	.4
Insurance (General)	30	61	96	.3	.4	.6
Licenses & Dues	8	13	26	N	.1	.2
Operating Supplies (Printing, Stationery, Postage, Office Supplies)	49	62	98	.3	.4	.6
Professional Fees	15	39	116	.1	.3	.8
Security (Detectives, Watchmen Service)	23	65	101	.2	.5	.8
Travel & Entertainment	19	39	67	.2	.3	.5
All Other Expenses	97	169	431	.6	1.2	3.4
Total Expenses (Excluding Payroll)	$ 495	$ 828	$1,194	4.4%	5.4%	7.6%
Total Administrative & General Expenses	$ 871	$1,309	$2,133	6.8%	9.6%	12.4%
Total for United States	$1,130	$1,587	$2,360	7.5%	9.1%	11.5%

*Based on those hotels supplying detail. All figures are medians and quartiles and do not necessarily add to totals shown.
N-Negligible.

Chart 5
Payroll by Department
Ratio to Total Payroll Expense*



*Based on arithmetic means.

Exhibit 12
Marketing Expenses*

	Amounts Per Available Room			Ratios to Total Sales		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Payroll & Related Expenses — Sales	$162	$320	$ 428	1.3%	1.8%	2.3%
Sales — Travel & Entertainment (Including Trade Shows)	12	32	78	N	.2	.6
Other (Operating Supplies, Postage, etc.)	7	24	72	N	.2	.4
Advertising						
Print (Newspapers, Magazines)	59	126	204	0.6	1.0	1.2
Radio & TV	11	54	65	N	.2	.5
Outdoor	11	52	71	.1	.3	.5
Other (Exchange Production Costs)	7	29	85	N	.2	.4
Merchandising (In-House Graphics, Other Selling Aids, Point-of-Sale Material)	6	35	128	N	.2	.8
Public Relations & Publicity (Excluding Payroll)	20	47	127	2	.3	.8
Fees & Commissions						
Franchise Fees	36	175	236	.3	1.3	1.6
Other (Agency Fees, etc.)	15	51	152	.2	.3	1.0
Other Selling & Promotional Expenses	14	50	131	.1	.3	.8
Total Expenses (Excluding Payroll)	$212	$434	$ 740	1.6%	3.2%	4.7%
Total Marketing Expenses	$241	$655	$1,100	1.9%	4.9%	6.4%
Total for United States	$420	$778	$1,292	2.8%	4.5%	6.3%

*Based on those hotels supplying detail. All figures are medians and quartiles and do not necessarily add to totals shown.
N-Negligible.

Energy expenses

Exhibit 13 presents energy expenses as amounts per room and costs per occupied room per day. Median total energy expenses for participating Texas properties were $878 per room in 1982, up 23.1 percent from 1981. However, they were still lower than for properties reporting from throughout the United States by $69 per room.

Property operation and maintenance expenses

Exhibit 14 provides an analysis of property operation and maintenance expenses as amounts per room and ratios to total sales for 1982. While total median property operation and maintenance costs were the same for Texas properties in 1982 as in 1981, the range of this expense was much broader in 1982. In addition, these expenses were lower for

Exhibit 13
Energy Expenses—Amounts Per Available Room and Costs Per Occupied Room Per Day*

	Amounts Per Available Room			Cost Per Occupied Room Per Day		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Electricity	$554	$718	$ 851	$2.42	$2.85	$3.95
Fuel	113	133	169	.46	.56	.78
Steam	61	137	587	.24	.65	3.54
Water	53	87	112	.24	.40	.58
Total Energy Expenses	$622	$878	$1,079	$2.52	$3.54	$5.09
Total United States	$738	$947	$1,280	$3.10	$4.10	$5.66

*Based on those hotels supplying detail. All figures are medians and quartiles and do not necessarily add to totals shown.

Exhibit 14
Property Operation and Maintenance*

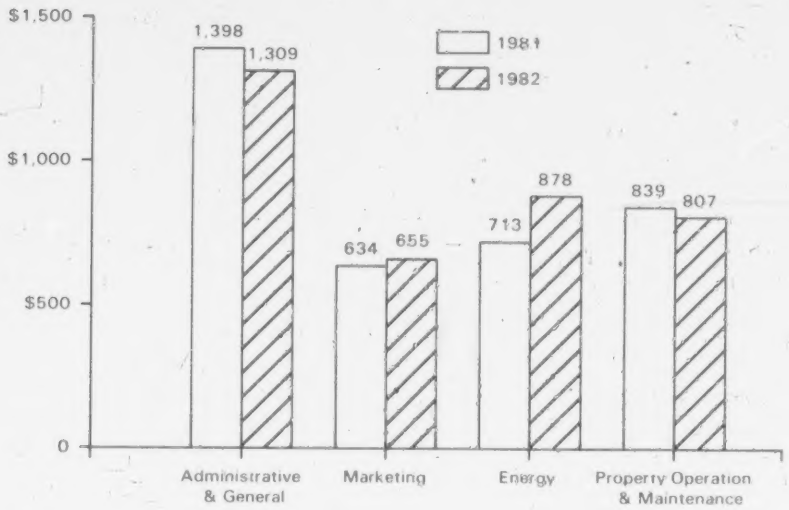
	Amounts Per Available Room			Ratios to Total Sales		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Total Payroll & Related Expenses	$317	$372	$ 599	2.1%	2.3%	3.2%
Other Expenses						
Building	25	36	52	.1	.2	.3
Electrical & Mechanical Equipment	51	116	212	.4	.8	1.6
Furniture	8	16	37	N	.1	.3
Grounds & Landscaping	21	34	59	.2	.2	.3
Operating Supplies	11	26	59	N	.2	.4
Painting & Decorating	10	17	46	N	.1	.3
Removal of Waste Matter	23	43	61	.2	.2	.4
All Other Expenses (Net of Credits)	25	75	230	.2	.4	1.3
Total Other Expenses (Excluding Payroll, etc.)	$340	$477	$ 592	2.5%	3.2%	4.2%
Total Property Operation & Maintenance Expenses	$542	$807	$1,084	4.1%	5.2%	6.8%
Total for United States	$698	$933	$1,365	4.7%	5.6%	7.2%

*Based on those hotels supplying detail. All figures are medians and quartiles and do not necessarily add to totals shown.
N — Negligible.

Texas hotels than for the total U.S. sample, as shown by the median and upper and lower quartiles. As in past reports, payroll and related expenses and equipment expenses were by far the largest expense components.

Chart 6 presents a comparison of undistributed operating expenses as medians amounts per room for contributing Texas hotels in 1982 and 1981. As shown, marketing and energy expenses increased in 1982, while property operation and maintenance expenses and administrative and general expenses declined moderately. However, declines in administrative and general expenses may be largely the result of the exclusion of management fees from this department.

Chart 6
Undistributed Operating Expenses
1982 Compared With 1981*



*Median amounts per available room.

Fixed expenses

Median total fixed expenses for 1982 were $2,403 per room or 19.1 percent of total sales, as Exhibit 15 shows. An examination of the upper and lower quartiles of interest and rent expenses reveals the wide range of difference for these expenses that exists among the contributing hotels. The median expense per room rose for every item listed in this exhibit, increasing total fixed expenses to 19.1 percent of total sales in 1982.

Balance sheet ratios

A few of the most frequently used balance sheet ratios are presented in Exhibit 16, comparing the 1982 information with the corresponding 1981 and 1980 data. The current position, which is defined as

Exhibit 15
Fixed Expenses

	Amounts Per Available Room			Ratios to Total Sales		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Rent	$59	$166	$459	.5	1.3	2.5
Property Taxes (Real Estate, Personal Property & Other Municipal Taxes)	222	289	472	1.9	2.2	3.1
Property Insurance	51	83	162	.4	.6	.9
Interest	242	1,187	2,551	1.9	9.9	17.0
Depreciation & Amortization	631	1,016	1,428	6.0	7.2	11.2
Total Fixed Expenses 1982	$1,599	$2,403	$4,340	12.8%	19.1%	27.8%
Total Fixed Expenses 1981	$1,230	$2,124	$3,263	10.7%	15.7%	24.0%
Increase (Decrease)	—	13.1%	—	—	21.7%	—

current assets divided by current liabilities, declined sharply for the reporting hotels in 1982.

Return on investment

Return on investment is a useful measurement of the extent to which hotel management uses its resources to produce adequate revenue and operate efficiently. Exhibit 17 shows the return on investment for Texas hotels compared with those throughout the United States. For the first time since L&H began making this analysis, Texas properties reported a return on investment lower than that of properties throughout the country, at 5.4 percent compared with 7.6 percent. The magnitude of the drop in this measure reveals the degree to which the Texas lodging industry suffered in 1982.

Exhibit 16
Balance Sheet Ratios—1982 Compared With 1981*

	1982	1981	1980
Current Position	$ .97	$1.25	$1.12
Accounts Receivable			
Amount Per Room	$498	$616	$570
Ratio to Total Sales	2.9%	3.4%	4.6%
Number of Times Average Daily Sales	11	14	17
Food Inventory			
Amount Per Room	$ 60	$ 53	$ 59
Annual Turnover	28	21	29
Beverage inventory			
Amount Per Room	$ 30	$ 28	$ 38
Annual Turnover	10	7	10

*All figures are medians. Accounts receivable and inventory figures are for end of year.

Exhibit 17
Return on Investment*

	1982	1981	1980
Texas—All Hotels Reporting	5.4%	13.6%	12.8%
United States—All Hotels Reporting	7.6	11.8	6.1

*All figures are medians.

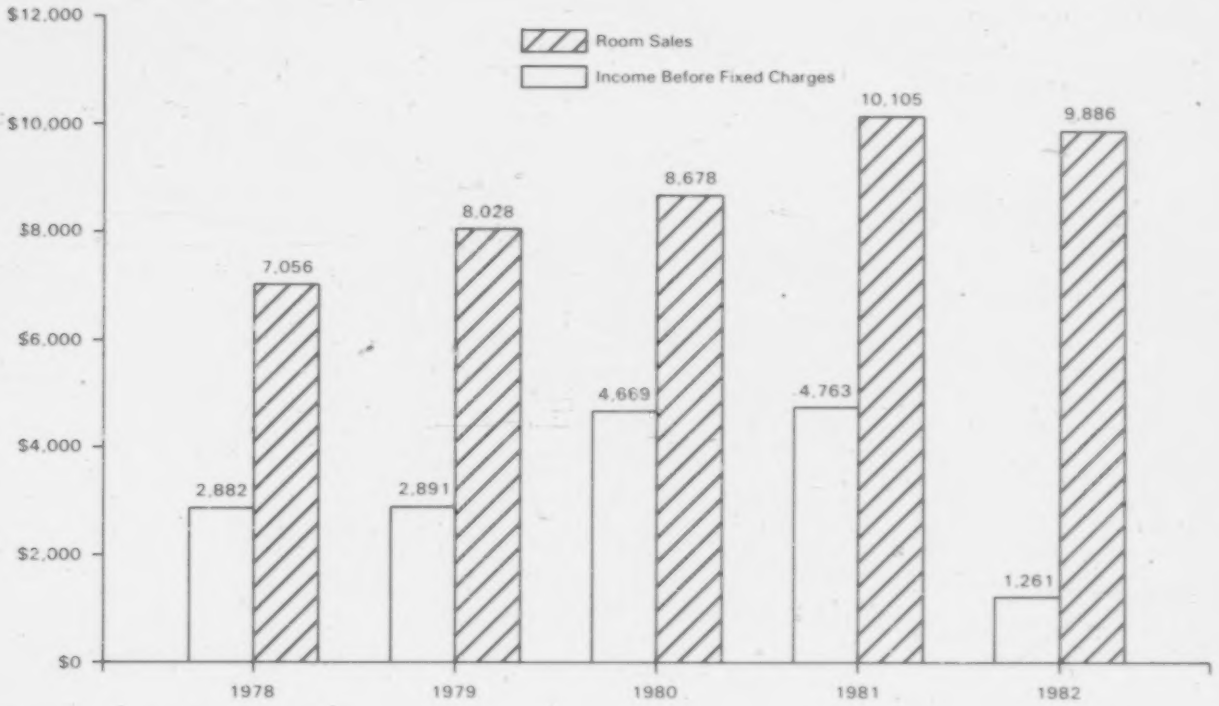
Summary

Exhibit 18 is a summary of the 1982 statement of income and expenses, analyzed by amounts per room and ratios to total sales for all Texas hotels included in this study. This analysis includes management fees as a separate line item. Income before fixed charges is stated as total sales minus all operating expenses, including direct departmental expenses and distributed operating expenses. The fixed expenses (rent, interest, property taxes, insurance and depreciation) are not deducted.

Chart 7 is a yearly comparison of income before fixed charges and room sales, both shown as amounts per room. The comparison goes back to 1978, which was the first year data was available for the Texas lodging industry. The chart shows the ability of hotel management to convert additional room revenue into operating profit.

Following Exhibit 18 is information obtained from Laventhol & Horwath's monthly *Trend of Business in the Lodging Industry* publications for Dallas, Houston, San Antonio and the total United States. The graphs and tables (beginning on page 30) show recent trends in occupancies and room rates for these three cities and the total U.S.

Chart 7
Income Before Fixed Charges Compared With Room Sales*

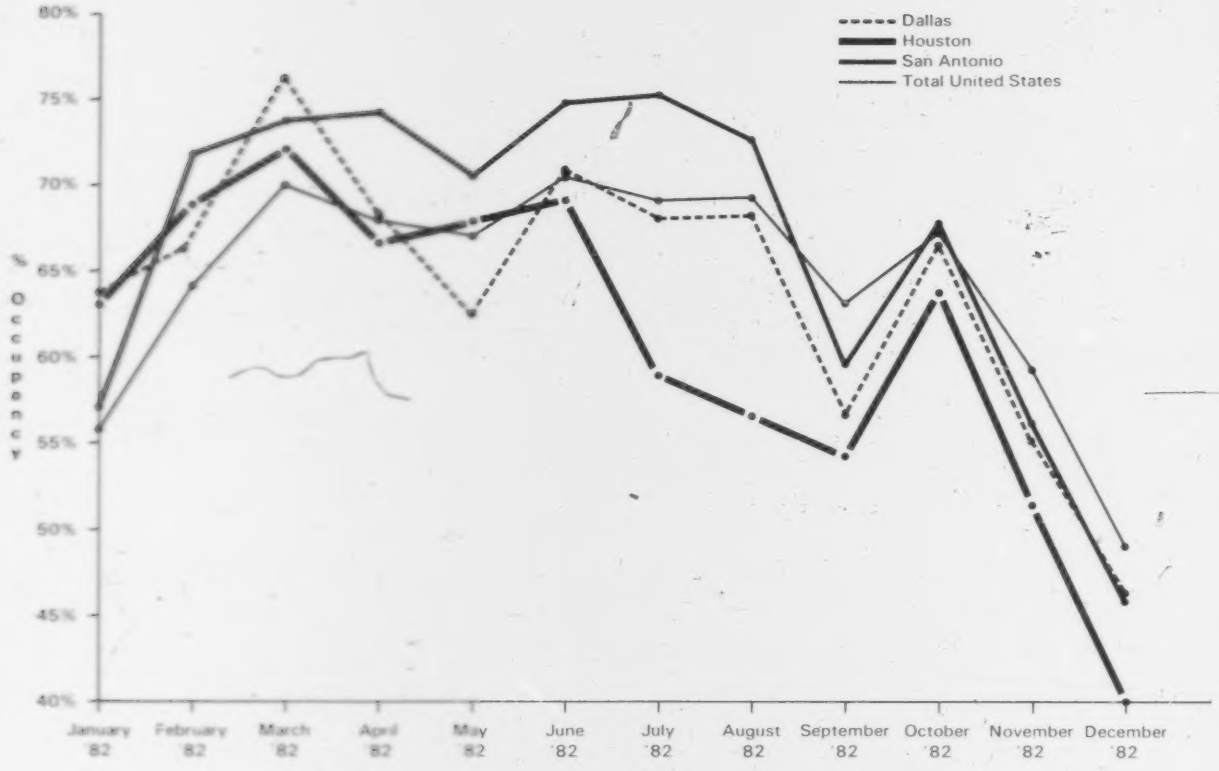


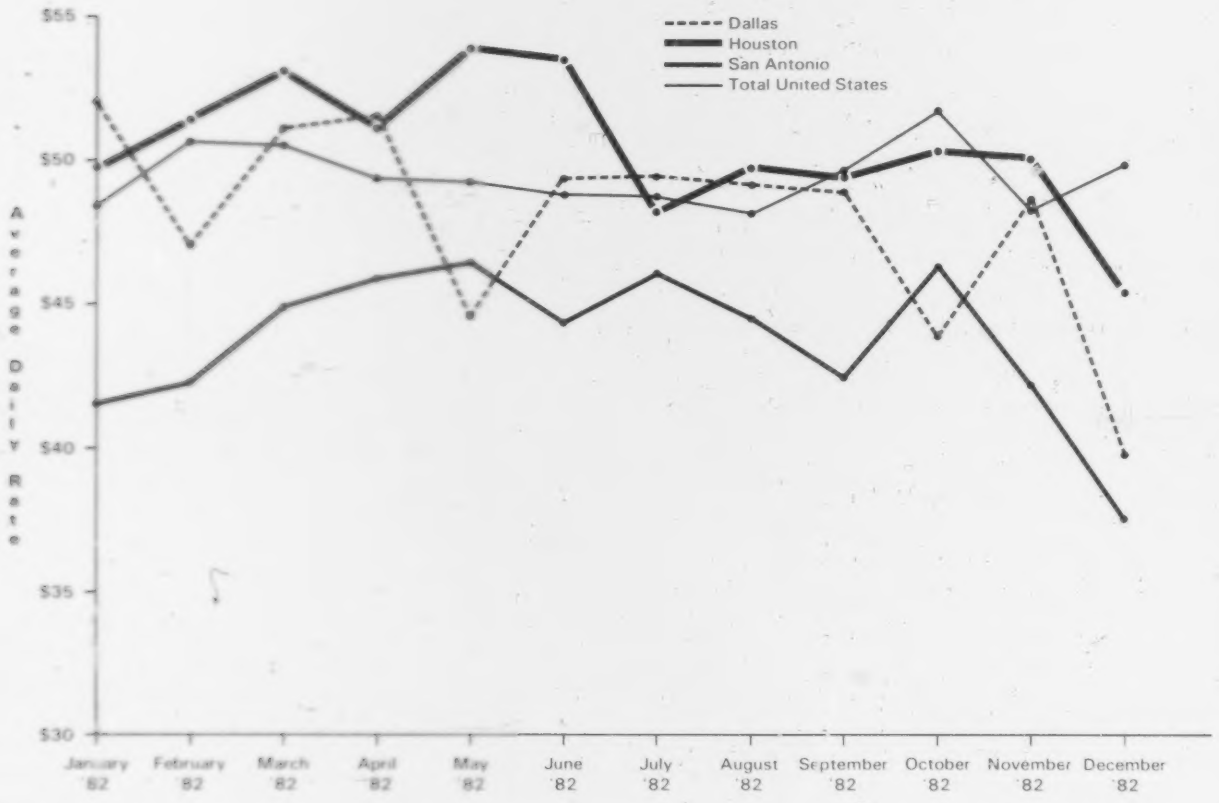
*Median amounts per available room.

Exhibit 18
Summary Statement of Income and Expenses*

	Amounts Per Available Room			Ratios to Total Sales		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Rooms						
Net Revenue	$8,299	$9,886	$11,735	100.0%	100.0%	100.0%
Departmental Expenses						
Payroll & Related Expenses	1,470	1,730	2,601	15.0	17.2	20.1
Other	677	844	1,118	6.7	8.7	11.3
Total	2,217	2,600	3,053	22.7	25.9	31.4
Departmental Income	5,694	7,301	8,846	68.6	74.0	77.3
Food & Beverage Sales						
Food	2,052	2,671	4,568	67.1	73.1	81.6
Beverage	617	1,100	2,505	23.5	28.4	38.6
Total	2,375	3,506	6,274	100.0	100.0	100.0
Cost of Sales						
Food	705	919	1,462	33.0	35.4	39.2
Beverage	138	221	489	19.7	21.9	26.6
Total	771	1,076	1,916	30.0	31.9	34.9
Gross Profit	1,543	2,370	4,259	65.1	68.0	70.0
Public Room Sales	55	128	196	1.5	2.4	5.3
Other Income	93	185	365	1.7	3.4	8.3
Gross Profit & Other Income	1,777	2,555	4,407	67.7	72.0	75.5
Departmental Expenses						
Payroll & Related Expenses	1,108	1,647	2,291	35.6	42.3	51.4
Other	208	424	952	7.9	10.6	15.8
Total	1,302	2,138	3,163	47.6	54.5	63.6
Departmental Income	143	555	1,207	7.7	17.7	25.2
Minor Operated Departments & Other Income (Net)	(1)	35	95	N	.3	.9
Telephone Departmental Income	(101)	(23)	11	(.7)	(.1)	0.0
Rentals & Other Income	115	250	724	6	1.5	6.6
Gross Income	5,900	8,199	10,597	53.0	57.8	62.1
Undistributed Operating Expenses						
Administrative & General Expenses						
Payroll & Related Expenses	360	665	1,154	2.8	4.3	6.5
Other	495	828	1,194	4.4	5.4	7.6
Total	871	1,309	2,133	6.8	9.6	12.4
Marketing	241	655	1,100	1.9	4.8	6.4
Energy Costs	622	878	1,079	5.0	5.9	6.8
Property Operation & Maintenance	542	807	1,084	4.1	5.2	6.8
Total Undistributed Expenses	2,261	3,760	5,207	20.4	26.4	31.3
Income Before Management Fees	3,169	4,684	6,103	22.0	30.0	41.1
Management Fees	331	480	721	2.8	3.9	4.7
Income Before Fixed Charges	2,940	4,341	5,705	21.4	29.7	39.6
Total Fixed Charges	1,599	2,403	4,340	10.9	19.3	28.4
Income Before Income Tax	$ (663)	$1,261	$ 3,086	(2.6)%	9.3%	24.5%

*All amounts are medians and do not necessarily add to totals shown. All ratios are based on total sales except those of the rooms and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.


Dallas
Houston
San Antonio
Total United States
% Occupancy
80%
75%
70%
65%
60%
55%
50%
45%
40%
January '82
February '82
March '82
April '82
May '82
June '82
July '82
August '82
September '82
October '82
November '82
December '82


Dallas
Houston
San Antonio
Total United States
Average Daily Rate
$55
$50
$45
$40
$35
$30
January '82
February '82
March '82
April '82
May '82
June '82
July '82
August '82
September '82
October '82
November '82
December '82

Monthly Occupancy Rate Trends

1982	Dallas	Houston	San Antonio	United States
January	63.8%	63.3%	56.9%	55.8%
February	66.9	69.0	71.7	64.3
March	76.2	72.3	77.8	70.0
April	68.6	66.9	74.3	68.1
May	62.5	67.9	70.6	67.1
June	71.0	69.2	74.9	70.6
July	68.2	59.2	75.2	69.1
August	68.4	56.6	72.9	69.2
September	56.6	54.3	59.8	63.3
October	66.6	63.7	67.9	67.5
November	55.1	51.5	56.3	59.3
December	46.3%	40.0%	46.0%	49.1%

Average Daily Rate Trends

1982	Dallas	Houston	San Antonio	United States
January	$52.01	$49.76	$41.53	$48.38
February	47.07	51.44	42.22	50.65
March	51.05	53.06	44.94	50.48
April	51.59	51.06	45.81	49.34
May	44.57	53.83	46.41	49.25
June	49.33	53.50	44.32	48.76
July	49.42	48.09	46.10	48.72
August	49.12	49.75	44.52	48.16
September	48.90	49.32	42.47	49.56
October	43.92	50.31	46.28	51.66
November	48.60	50.05	42.20	48.37
December	$39.79	$45.36	$37.55	$49.92

Explanation of Terms

Administrative and general expenses

Payroll – Salaries of managing director, manager, executive assistant manager (not on floor duty); their secretaries and other clerks in managers' offices; accounting office; front office bookkeepers, bill clerks, cashiers, night auditors; credit department; receiving clerks; employment and personnel managers.

Cash payroll

Entire cash payroll of hotel, including house laundry and print shop.

Current position

Prepaid expenses are included in current assets and current mortgage payment installments are excluded from current liabilities.

Energy costs

Cost of electrical current, fuel, steam and water net of energy sales to stores and others.

Income before fixed charges

For purposes of this study, income before fixed charges is defined as the total of rooms department income, food and beverage department income, minor operated departments income, store rentals and other income, less all undistributed expenses.

Income from minor operated departments

Income from guest laundry, valet, cigar-newsstand, barber shop and other service departments operated by the hotel less merchandise costs, payroll and related expenses, and other expenses directly chargeable to any of these operations.

Inventory turnover

Gross cost before deducting employees' meals divided by the average of the opening and ending inventories.

Marketing

Payroll and related expenses for sales, advertising and publicity managers and their secretaries and clerks. Also, expenses such as printing, stationery, artwork, layouts, literature, house organ, postage, traveling expenses, entertaining, etc.; space in newspapers and magazines; broadcasting; billboards and car cards.

Median—lower quartile—upper quartile

In a column arranged in regular sequence from high to low, or vice versa, the median is the middle figure. In the case of operating results, this means that half of the hotels represented had better results than the median and the other half had poorer results.

The lower quartile is the dividing point between the lowest quarter and the upper three-quarters of the group. The upper quartile is the dividing point between the highest quarter and the lower three-quarters of the group.

Thus, the lower quartile, median and upper quartile divide a series of figures into four equal parts. The results of the middle half of the hotels fall between the lower and upper quartiles.

Property operation and maintenance

Payroll and related expenses for carpenters, upholsterers, carpet men, masons, electricians, machinists, locksmiths, elevator mechanics, painters, paperhangers and similar maintenance employees; the chief and assistant engineers; boilermen; firemen; ice pullers; incinerator men; storekeepers and clerks in engineer's office and stores. Also, expenses such as uniforms; cost of supplies and outside contracts for painting, repairing of furniture, springs, mattresses and pillows, floor coverings, curtains, draperies and scarves, shades, screens and awnings, electrical and mechanical equipment, elevators, building and other maintenance work, and all similar supplies; expenses associated with providing the hotel with heat, light, power and water.

Rentals and other income

Rental income from stores, offices, clubs and other spaces not classified as concessions used for business purposes. Also includes revenue from concessions, income from vending machine operations, commissions (including pay stations) and interest earned.

Restaurant

Cost (Food) – Cost of food sold before and after deduction of the cost of employees' meals.

Cost (Beverage) – Cost of beverages sold, after deduction of the cost of employees' beverages.

Payroll – Stewards, chefs, cooks, waitresses and busboys, dishwashers, butchers, vegetable cleaners, bakers, pantry help, etc.; wine stewards and bartenders; stock clerks, storekeepers, cost clerks, checkers and cashiers.

Income, Departmental – Total restaurant sales and other restaurant income less total cost of food and beverages consumed, payroll and related expenses and other direct restaurant expenses.

Sales, Total Restaurant (Food and Beverage) – Gross sales of food and beverages less allowances. Cover charges and other miscellaneous restaurant income are not included.

Rooms

Payroll – Assistant manager, front office clerks, not including bookkeepers, cashiers and bill clerks; housekeeper and assistants; linen room, maids; housemen; bellmen; elevator operators; floor clerks; doormen; house officers; security.

Income, Departmental – Room sales less rooms payroll and related expenses and other direct room expenses.

Sales – Total rent income from guest and nonbanquet public rooms

less allowances, not including office rentals, etc.

Sales, total

All sales and income less allowances and cover charges.

Taxes

In calculating "Number of Times Taxes Were Earned," taxes include all municipal taxes, such as real estate, personal property, sewer and utility. All payroll taxes are charged to the various departments.

Telephone

Income or Loss, Departmental – Telephone sales less cost of telephone service, telephone payroll and related expenses and other direct telephone expense.

Sales – Gross revenue from use of telephone facilities by guests less allowances. Includes service charges and pay station commissions.

Further explanation may be found in *Uniform System of Accounts for Hotels*.

Analyze Your Operation

Periodic analysis of the financial performance of your lodging establishment may provide early warning signs of potential problems. Examination on a regular basis could reveal undesirable trends and provide the opportunity for corrective action. The worksheet on the next page is designed to provide a quick analysis of key items to reveal problem areas.

Follow these simple instructions for completing the worksheet:

1. Enter your figures in the first column.
2. Select the appropriate medians for comparison from the tables or text.
3. If the variance is greater than plus or minus 10 percent, further analysis should be made to determine the reason for that variance.

Worksheet

Amount Per Available Room	Your Figures	Medians or Quartiles From *Texas Lodging Industry* Report		
Revenue Rooms	$			
Telephone	$			
Rentals and Other Income	$			
Total	$			
Payroll and Related Expenses	$			
Departmental Expenses Rooms	$			
Telephone	$			
Total	$			
Undistributed Expenses (Excluding Payroll) Administrative & General	$			
Marketing	$			
Energy Costs	$			
Property Operation & Maintenance	$			
Total	$			
Income Before Fixed Charges	$			
Fixed Charges	$			
Rent	$			
Property Taxes	$			
Insurance	$			
Interest	$			
Depreciation	$			
Total	$			
Net Income Before Income Tax	$			

Supplemental Operating Information

General Statistics				
Occupancy	%	%	%	%
Average Rate Per Occupied Room	$	$	$	$
Income Before Fixed Charges				
Ratio to Total Sales	%	%	%	%
Productivity Index	times	times	times	times

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TEXAS

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6TH ANNUAL REPORT ON TEXAS HOTEL OPERATIONS

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THE TEXAS LODGING INDUSTRY—1983
A STATUS REPORT

The Texas lodging industry suffered through another difficult year in 1983, as occupancies throughout the state continued to decline. However, the reduction in room-night demand was very slight compared with the significant declines reported at the end of 1982. For the year, occupancies were reported at 65.2 percent compared with 65.6 percent in 1982.

As Chart 1 illustrates, contributing Texas properties reported occupancies below those of their United States counterparts for the second consecutive year. Prior to 1982, Texas operations consistently reported higher occupancy rates than the overall average for U.S. operations. Texas occupancy trends were particularly favorable during the period from 1979 through 1981 when occupancies throughout the rest of the country were declining. In 1982, a combination of several factors significantly reduced the occupancies of Texas lodging properties. These factors included the economic recession throughout the country (which severely affected Texas's oil and gas industry), economic problems in Mexico and major additions to room supply in Dallas and Houston.

The short-term outlook for the Texas lodging industry is tentative. While occupancies will begin to rise slowly, they will continue to remain far below the mid-'70s percentile levels reported as late as 1981. Room rates, which were also depressed throughout 1983, will begin to rise. However, major additions to supply will lead to sharper competition for a share of the market. The challenge confronting lodging establishments in Texas is to identify the changing face of room-night demand in the near future. With the U.S. economy continually becoming more service oriented, management that adapts quickly will be essential for operations that hope to be at the forefront of the lodging industry.

Table 1 ranks the top five Texas-based

Chart 1: Occupancy Rates
Texas Compared with Total U.S.

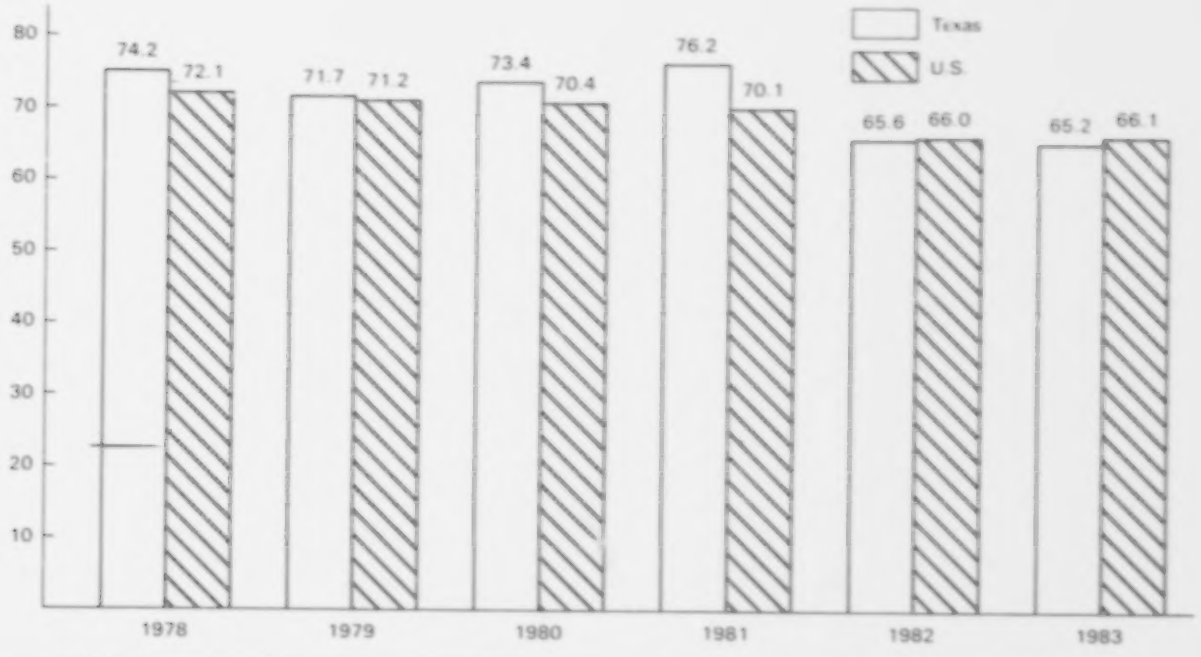


Table 1

	Total Number of Hotels	Number of Hotels Located in Texas	Percentage of Hotels Located in Texas
LaQuinta Motor Inns, Inc.	137	69	50%
Rodeway Inns International	142	36	25
Brock Hotel Corporation	101	34	34
Manner Corporation	19	13	68
Motor Hotel Mgmt. Inc.	46	12	26

Table 2

	1984		1985	
	Number of Hotels	Number of Rooms	Number of Hotels	Number of Rooms
Brock Hotel Corporation	35	4,523	33	3,138
LaQuinta Motor Inns, Inc.	6	720	20	2,400
Motor Hotel Mgmt. Inc.	11	2,057	11	2,057
Texian Inns	6	690	16	1,840
Wyndham Hotels	7	2,768	5	1,697

lodging chains with regard to total number of hotels in Texas. Significant changes have occurred since the 1983 rankings. Ranked third in 1983, Lexington Inns has sold the majority of its older properties in a major corporate realignment. The number of hotels in this chain dropped from 23 to 9. The other change was the relocation of Brock Hotels Corporation from Topeka, Kansas to Dallas, Texas.

Table 2 shows those chains with the greatest projected increase in room supply in 1984 and 1985. There are two newcomers to this list: Motor Hotel Management, one of the better known management companies in the country and Texian Inns, the new kid on the block in the Texas lodging industry.

Chart 2 (page 4) shows Texas-based lodging chains in 1984. For the purposes of this study, a lodging chain was defined as a company with two or more properties, open or under construction in 1984. There are several companies that have not been included for this reason.

Chart 2
Texas-Based Lodging Chains—1983

Name of Chain	City	Total Number of Hotels	Total Number of Rooms	Total Number of Hotels in Texas	Total Number of Rooms in Texas
American Guesthouse	San Antonio	1	123	1	123
Benchmark Management Corp.	Woodlands	1	268	1	268
Border Inns of America	McAllen	4	672	4	672
Amberley Hotel Corp.	Dallas	—	—	—	—
Brock Hotel Corporation	Dallas	101	17,502	9	1,590
Brookhollow Hotel Corp.	Dallas	4	349	4	349
Coachlight Inns	Tyler	3	256	2	148
E-Z Travel Motor Hotels	Austin	3	241	3	241
Gal-Tex Hotel Corp.	Galveston	13	2,000	1	296
Hospitality Enterprises, Inc.	Houston	17	1,914	6	658
Hospitality Management, Corp.	Dallas	14	3,565	—	—
Hotel Management Assoc.	Houston	3	680	3	680
Houston International Hotels	Houston	2	770	2	770
HR Hospitality	Houston	6	1,200	1	299
Jack Tar Hotels	Dallas	3	678	—	—
Kiva Inns	Abilene	2	389	2	389
La Quinta Motor Inns, Inc.	San Antonio	137	16,440	69	8,280
Lexington Inns	Irving	9	17,050	7	16,737
Lincoln Inns	Dallas	13	3,784	5	1,457
Manor House Inns	Houston	4	450	4	450
Mariner Corporation	Houston	19	4,650	13	3,400
Motor Hotel Mgmt. Inc.	Dallas	46	9,600	12	2,280
Olympia Hotels Corp.	Houston	6	1,269	1	203
Omega Management	Houston	2	220	1	80
Pan-Tex Hotel Corp.	Laredo	2	450	2	450
Pratt Hotels	Dallas	29	7,964	4	948
Registry Hotel Corp.	Dallas	6	2,189	1	570
River Hotel Company	San Antonio	3	1,000	3	1,000
RJS Hospitality	Houston	2	371	2	371
Rodeway Inns International	Dallas	142	17,669	36	3,829
Rosewood Hotels	Dallas	3	457	2	391
Rubin Associates	San Antonio	4	622	3	318
Sidney Balman Properties	Dallas	3	610	3	610
Southwestern Hospitality Management Corp.	Houston	5	650	4	500
Southwest Hosts	Brownwood	2	315	—	—
Southwest Inns	Houston	12	2,425	12	2,425
Sumner-Greener/Fussell Group Joint Venture	Dallas	4	752	3	502
Sunbelt Hotels, Inc.	Houston	5	1,500	5	1,500
Tal-Con Inc.	Houston	6	935	6	935
Texian Inns	San Antonio	5	575	5	575
Vista Host Inc.	Houston	16	2,700	4	674
Vogue Management	Houston	4	444	4	444
Westbrooke Inns Management, Inc.	Irving	17	2,177	4	596
Wilder Development	Henderson	3	641	2	375
Wyndham Hotel Corp.	Dallas	13	5,895	6	2,196
TOTAL:		699	134,006	289	58,579

*Indicates ownership, management and franchises.
**Indicates expansion.

Number of Hotels Opened	Number of Rooms Opened	Number of Hotels Opened	Number of Rooms Opened	Number of Hotels Opened	Number of Rooms Opened	Year Founded	Type of Chain*
—	—	1	123	4	480	1983	O,M
—	—	2	344	1	250	1980	M
—	—	1	208	—	—	1972	O,M
—	—	2	354	—	—	1983	O,M
15	1,575	35	4,523	33	3,138	1969	O,M,F
1	72	2	195	4	440	1980	O,M
—	—	—	—	—	—	1970	O,M
••	25	1	117	—	—	1974	O,M
1	119	1	151	—	—	1940	O,M
1	110	3	330	—	—	1977	O,M
2	251	5	1,389	—	—	1971	M
—	—	1	164	—	—	1976	O,M
—	—	1	231	—	—	1960's	O,M
••	95	1	125	—	—	1976	O,M
—	—	—	—	—	—	1969	O,M
1	186	—	—	—	—	1978	O,M
18	2,220	6	720	20	2,400	1963	O,M,F
1	168	4	580	3	360	1956	O,M
1••	278	2	683	2	585	1981	O,M
2	212	—	—	—	—	1968	O,M
3	845	1	350	2	550	1974	O,M
10	1,900	11	2,057	11	2,057	1975	M
1	200	—	—	—	—	1973	O,M
—	—	—	—	2	200	1980	O,M
—	—	—	—	—	—	1961	O,M
—	—	1	97	4	1,286	1969	O,M
—	—	—	—	—	—	1971	O,M
—	—	1	350	—	—	1967	O,M
—	—	1	240	1	300	1981	O,M
17	2,125	19	2,425	3	476	1962	O,M,F
—	—	••	27	1	230	1979	O,M
4	622	1	133	1	133	1980	O,M
—	—	••	82	—	—	1981	O,M
1	151	3	408	—	—	1978	O,M
—	—	—	—	—	—	1973	O
1	205	1	144	—	—	1963	O,M
2	352	1	150	1	588	1981	O,M
—	—	1	290	2	500	1970	O,M
2	200	—	—	—	—	1974	O,M
3	345	6	690	16	1,840	1980	O,M
—	—	2	324	1	200	1977	O,M
1	104	3	350	—	—	1982	O,M
2	224	2	190	—	—	1973	O,M
1	150	1	266	—	—	1982	O
6	2,449	7	2,768	5	1,697	1982	O,M
97	15,203	130	21,578	117	17,680		

There have been significant increases in Texas-based lodging chains in the past year. There has been a 23 percent increase in the total number of rooms along with a 49 percent increase in the number of rooms in Texas. In the 1983 study, hotel operators projected that 14,316 rooms would open in 1983, when in fact 15,203 rooms actually opened—a 7 percent increase over projections. This year's projection for room additions that will occur in 1984 (21,578) is higher than the figure (15,506) that was projected for 1984 additions in last year's study. This represents a 42 percent increase in hotel rooms in 1984.

Of the 45 chains shown, 17 are based in the Houston area, 15 in Dallas, five in San Antonio and the remainder in cities throughout Texas. Over 31 percent of the Texas-based hotel chains have been started since 1980, 42 percent between 1970 and 1979 and 27 percent before 1970.

It appears that Texas-based chains are beginning to build more properties in Texas. Currently, approximately 50 per-

Chart 3
Major Lodging Chain Representation in Texas as of May 9, 1984

	Austin		Corpus Christi		Dallas		El Paso	
	Properties	Rooms	Properties	Rooms	Properties	Rooms	Properties	Rooms
Holiday Inns, Inc.	2	329	2	611	7	1,534	3	598
Best Western Int'l.	4	652	1	245	6	1,378	3	423
Hilton Hotels Corp.	1	336	1	503	6	2,534	1	150
Ramada Inns Inc.	4	500	2	280	5	836	1	247
La Quinta Motor Inns, Inc.	4	471	4	568	7	832	2	259
Sheraton Corp.	1	287	1	175	6	3,185	1	118
Marriott Hotels	1	301	—	—	4	2,016	1	300
Motel 6 Inc.	2	267	2	250	2	220	2	265
Quality Inns	1	174	1	99	1	283	1	135
Hyatt Hotel Corp.	1	448	—	—	1	947	—	—
Rodeway Inns International	2	113	—	—	3	208	1	310
TraveLodge Int'l. Inc.	3	322	1	148	2	332	3	230
Days Inns of America	1	146	—	—	8	1,218	—	—
Lexington Motor Inns	1	218	—	—	—	—	—	—
Howard Johnsons Corp.	1	188	—	—	3	366	1	142
Total	29	4,752	15	2,879	61	15,889	20	3,177

cent of Texas-based chains' hotel rooms are in Texas, while last year's study showed only 39 percent were in Texas. Additionally, the average number of rooms per property in the United States increased from 169 to 192, while in Texas it increased from 159 to 203. This is the first time that the average number of rooms was larger for Texas than for the overall sample. This is a reflection of the larger, more commercially and group-oriented hotels that are currently being developed by companies such as Wyndham Hotel Corp. and Mariner Hotels.

Chart 3 shows major lodging chain representation in Texas. Again, Holiday Inns tops the list, followed by Best Western International. The only difference in the top five rankings from 1983 is that Ramada Inns dropped to fourth (from third) and Hilton Inns increased to third (from fourth). The most significant change in this chart has been an increase of over 2,000 rooms by Sheraton Corporation and an increase of more than 1,600 rooms by La Quinta Motor Inns and Quality Inns.

								Total Texas		
Properties	Rooms	Properties	Rooms	Properties	Rooms	Properties	Rooms	Properties	Rooms	Average Rooms Per Property
2	323	17	4,902	4	1,038	67	9,075	104	18,410	177
4	328	9	1,577	6	649	111	8,591	144	13,843	96
1	430	8	2,846	1	487	9	1,670	28	8,956	320
1	303	10	2,495	3	418	27	3,113	53	8,192	155
2	207	9	1,111	9	1,132	28	3,457	65	8,037	124
—	—	4	1,384	1	189	11	1,891	25	7,229	289
—	—	6	2,671	2	804	1	228	15	6,548	437
3	372	1	205	2	214	36	4,179	50	5,972	119
1	98	4	675	1	127	20	2,421	30	4,012	134
1	516	2	1,358	1	633	—	—	6	3,902	650
1	125	4	460	6	574	21	2,100	38	3,890	102
1	130	3	302	4	367	8	620	25	2,451	98
2	246	4	486	2	244	—	—	17	2,340	138
1	144	—	—	1	210	19	1,541	22	2,113	96
—	—	4	593	1	90	5	436	15	1,815	121
20	3,222	85	21,065	44	7,176	363	39,392	637	97,710	153

COMMENTS FROM AROUND THE STATE

From Abilene

During 1983, occupancy levels in Abilene lodging facilities remained strong. Overall market occupancy for the area was approximately 70 percent with an average daily room rate of approximately $35.50.

Two major developments have significantly affected area lodging demand. One is an allocation of approximately $50 million to Dyess Air Force Base for construction related to the 28 B-1 Bombers that are scheduled to arrive in 1985. A permanent training facility will be built at Dyess Air Force Base, and new industries related to the B-1 Bomber are anticipated to be developed in Abilene to assist in construction and maintenance.

Secondly, Texas Instruments (TI), one of the largest employers in the city, recently laid off a significant number of employees due to the discontinuation of the TI home computer line. However, the plant currently is being redesigned to manufacture defense-related electronic components, with production expected to begin during 1984.

Recent and upcoming hotel developments in the Abilene area include the following:

- A 150-room Ramada Inn, located in the southwestern sector of the city, opened in the fall of 1983.
- A 176-room Granada Royale Hometel, under construction in the southwestern sector of the city, is scheduled to open during 1984.
- A 60-room Classic Inn, under construction in the southwestern sector of the city, is expected to open during 1984.
- A 120-room Hampton Inn is being considered for development near the intersection of Pioneer Drive and U.S. Highway 80.
- A 145-room Rodeway Inn is being considered for development on I-20, located north of the central business district.
- The Drake Hotel, located in the central business district is proposed for renovation into an 86-room luxury hotel.
- Expansions of two existing facilities, the Kiva Inn and the Holiday Inn, are being considered.

The outlook for the lodging industry in Abilene is favorable although a decrease in citywide occupancy is projected for 1984 due to the anticipated increase in room supply.

Andrew Kern
Dallas

From Amarillo

Amarillo is located in the center of the Texas panhandle, making it a convenient stopping point for travelers. As a result, 35 percent of its lodging demand is transient/highway related, and the majority of the Amarillo lodging facilities are budget properties.

In 1983, overall market occupancy was approximately 75 percent, and the distribution of demand was approximately 55 percent single commercial, 5 percent group/convention and 35 percent transient/highway-related. The average room rate was approximately $33.00.

The strong performance of the Amarillo lodging market has sparked the interest of developers, and a number of new projects have recently opened or are under construction. These include:

- A 130-room LaQuinta opened in early 1983.
- An addition to the Big Texas Inn opened in late 1983.
- A 266-room Sheraton Hotel opened in early 1984.
- A 247-room Fifth Season Inn opened in early 1984 and another 230-room Fifth Season Inn is scheduled to open in 1985.

Alma Eastman
Dallas

From Arlington

Arlington is the largest of the eight cities, known as the Mid-Cities, located between Dallas and Fort Worth and in the vicinity of the Dallas/Fort Worth Regional Airport. Arlington has experienced strong population growth from 1970 to 1980, and approximately 5 percent annual compound growth is expected from 1980 to 1990. Tourism is a significant component of the Arlington economy, primarily in the summer when families visit the many attractions in the area. Six Flags Over Texas amusement park attracts over 2.5 million people annually, while water parks such as Wet'n'Wild and White Water attract approximately 500,000 people annually.

Other components of Arlington's economy include the University of Texas at Arlington and the Great Southwest Industrial Park, with 7,000 acres of industrial development. Arlington has experienced significant growth in recent years in office, residential and industrial space. The majority of its office space has been constructed in the last 10 years.

The lodging market in Arlington has also experienced growth in recent years and has seen an emergence of upscale first-class hotels such as the 318-room Hilton and the 134-room Brookhollow Inn (which caters to long-term guests). This trend appears to be continuing as construction occurs on a new convention center and 320-room Sheraton Convention Hotel expected to open by mid-1985. Additionally, a 184-room Amberley Suite Hotel is under construction, and a 200-room all-suite Summit Hotel is planned for construction in the near future. Hampton Inns Hotels, an upscale economy hotel company has also shown interest in the Arlington area.

Overall, occupancies in the Arlington area have declined since 1982 by approximately 4 percentage points to 60 percent. This decline is due, in part, to the opening of several new hotels in the immediate area as well as competition from other hotels outside the Arlington area for the Mid-Cities lodging business. New competition in the market has also, in part, caused the average room rate to decline in 1983 to approximately $40.

Declines in occupancies are expected to continue over the short term as new hotel developments are completed; however, growth in commercial and industrial

space and the opening of the new convention center should create new demand in Arlington and the Mid-Cities area.

Lisa Harris
Dallas

From Austin

The Austin lodging industry remained strong in 1983. Estimated occupancy for the year was 75.5, down less than 1 percent from its favorable 1982 showing. The growth of Austin's high-technology industries was strong is 1983. With Micro Electronics and Computer Technology Corporation's (MCC) decision to make its headquarter in Austin, business activity has increased. Office development is underway in all sectors of the city in response to the need for space. Downtown, the major activity appears to be centered on Congress Avenue, much as it has been in the past. The northwestern metropolitan area is rapidly becoming a very exclusive residential area as well as a major site for suburban office space.

This general economic growth has led to an expanded need for lodging accommodations, and many additions have been made to the city's supply of hotels. Properties that opened in 1983 and early 1984 include:

- A 319-room Wyndham in southeastern Austin.
- A 92-room Brookhollow Inn opened in 1983 in northwestern Austin.
- A 186-room Embassy Motor Inn opened in 1983 in southeastern Austin.
- A 115-room Texian Inn opened in northern Austin in fall 1983.
- A 130-room La Quinta opened in southeastern Austin in 1983.
- Two 40-room Quarters Motor Inns opened, one in north Austin and another in southeastern Austin.
- A 261-room Granada Royale opened in March 1984 in northern Austin.
- A 350-room La Mansion in northern Austin opened in mid-1984. This is the first La Mansion to be located outside of San Antonio.

To meet the area's projected lodging needs, several hotel development projects that are under construction include:

- A 254-room Quality Royale.
- A 200-room Holiday Inn Northwest.
- A 190-room Howard Johnson's in southern Austin.
- A 100-room Quality Inn Executel.

In addition to the rooms under construction, there is speculation about several other hotel proposals in the city.

The city is projected to maintain its present growth rate as high technology industries continue to locate here. Accompanying this will be an expansion of the lodging industry.

Lorelei Mayer
Houston

From Beaumont/Port Arthur/Orange

Although the central business districts of Beaumont, Port Arthur and Orange are less than 30 miles apart, much of their industry is interrelated and, collectively, these three cities in Southeastern Texas are known as the Golden Triangle.

Occupancy in the Golden Triangle for 1983 was approximately 72 percent, down from 78 percent in 1982. The decrease in occupancy was attributable to the ailing petrochemical industry and its impact on lodging demand in the Golden Triangle and to an increased room supply.

The average rate in the Golden Triangle increased nearly 2 percent from $35.98 in 1982 to $36.65 in 1983. Area lodging properties did not cut rates to maintain occupancy as was common in other areas in Texas.

The petroleum industry and its support services such as ship yards, oil field equipment and metal fabricating plants are major employers in the area. Area officials have attempted to attract technical industries to the area to diversify the economic base. A new tourist attraction in Orange, the Fanta-Sea Water Park offering approximately 20 water-related attractions on 62 acres, is expected to open late in the summer of 1984.

Anticipated growth in the area's lodging demand and commercial activity has stimulated development in new lodging facilities. The following projects recently have opened or are in various stages of construction:

- The 148-room Relay Station Motel opened in March 1983 in Beaumont.
- The 152-room Best Western Beaumont Inn opened in May 1983.
- The 124-room Motel 6 in Port Arthur opened in September 1983.
- The 107-room Ridgewood Hotel in Beaumont was renovated and reopened in October 1983.
- The 126-room Motel 6 in Orange was opened in January 1984.
- The 254-room Beaumont Plaza Holiday Inn opened in February 1984.
- The 120-room Jefferson Inn opened in February 1984 in Beaumont.
- The 80-room Super 8 Motel in Beaumont opened in May 1984.
- The 164-room Holiday Inn in Port Arthur opened in June 1984.
- The 280-room Beaumont Hilton Inn now under construction is scheduled to open in November 1984.

Karen N. Peterson
Houston

From Corpus Christi

The national recession's negative impact on discretionary and corporate travel in 1983 affected the Corpus Christi lodging industry, which depends to a great extent on tourism and the oil industry. Occupancy in Corpus Christi was 51 percent, a decrease of 20 percent from 1982's occupancy of 71 percent. The average rate decreased from $41.80 to $41.30 as operators postponed scheduled increases because of decreasing occupancy.

The city's new convention center is beginning to show a large increase in future bookings as the 474-room Hershey Hotel moves toward completion. Due to this new hotel and increased meeting space, Corpus Christi is expected to attract major conventions that previously had not been able to meet in the city. The Hershey Hotel is scheduled to open in January 1985.

New hotel development is occurring in several areas. These include:

- A Drury Inn along the I-37 corridor opened in spring 1984.
- A Granada Royale Hometel on South Padre Island Drive and Everhart is under construction.
- A Days Inn at I-37 and Isom is under construction.

Corpus Christi's economy and, therefore, lodging industry are beginning to recover from the recession; however, recovery will be hindered by the slower recovery of the oil and gas industry. Lodging facilities will also experience slow improvements in occupancy due to the current additions to the city's room supply.

Joanne Scoville
Houston

From Dallas

The Dallas lodging industry continued to grow during 1983 as indicated by a 15 percent increase in demand for lodging accommodations. Despite this growth, citywide average annual occupancies fell approximately 4 percentage points from 64 percent in 1982 to 60 percent in 1983 as a result of a 24 percent increase to the city's room supply.

The Market Center and North Central Expressway sectors were affected most as occupancy decreased 11 and 13 percent respectively. Decreases experienced in the North Central Expressway sector can be attributed, in part, to demand being captured by the additions to supply in the North Dallas sector. Occupancies in the Market Center sector also decreased as a result of the addition of 542 rooms with the opening of the Wyndham Hotel within this sector as well as additions to room supply in the North Dallas sector.

Fierce competition stimulated by additions to supply resulted in rate discounting. Average room rates in Dallas dropped approximately 3 percent from $37.60 in 1982 to $36.42 in 1983. It is expected that as the new rooms supply continues to be absorbed in 1984, average room rates will begin to increase.

The accompanying chart summarizes recently opened, under construction and planned additions to the Dallas lodging supply.

Lodging demand in Dallas is expected to show continued growth through 1984.

For the second consecutive year, Dallas ranks as the nation's strongest market in both new office construction and office space absorption. Approximately 9.5 million square feet of office space was absorbed in Dallas during 1983, which represents a 45 percent increase over 1982 levels. Approximately 15.7 million square feet of new office space was added to the Dallas market in 1983, and an additional 11.5 million square feet is anticipated to be completed in 1984.

In 1984, development activity for the central business district includes 3.5 million square feet of office space under construction, the opening of a 200,000-square-foot addition to the Dallas Convention Center and construction of the Dallas Concert Hall in the Arts District. Two hotels are under construction including the 228-room Crescent Hotel, part of an office and retail development, and the 256-room Olympic Hotel of Dallas, part of Turtle Creek Place.

Activity within the Market Center area includes the addition of the Infomart during fall 1984. This 1.5 million-square-foot center is designed to serve both buyers and sellers of information processing products and is expected to bring an additional 350,000 prospective buyers to the Market Center Complex annually.

The area that includes the Dallas/Fort Worth Regional Airport area and Las Colinas, a 12,000-acre development conceived by the Southland Corporation, is expected to be one of the strongest growth areas in 1984. Over five million square feet of office space is occupied in Las Colinas, with an additional million under construction. Another major development in the Dallas/Fort Worth Regional Airport area is the Valley Ranch, which broke ground in early 1984. This 2,400-acre multi-use development is to include the headquarters and training facilities for the Dallas Cowboys.

North Dallas, including the LBJ Freeway Corridor, currently has the largest concentration of office space outside of the central business district. Growth in this sector is also expected to continue.

Reflecting the growth in the Dallas market, 1984 year-to-date occupancies are above comparable 1983 figures. As Dallas's economy continues to grow and the large number of additions to supply are absorbed, occupancy should increase to between 60-65 percent with significant increases in average rates.

Feliz Jarvis
Timothy A. Marvin
Dallas

Dallas
(New Properties)

Area	Property	Rooms	Status*
Downtown	Ambassador Park (renovation)	121	O
	Sheraton Dallas (renovation)	545	O
	Crescent Hotel	228	U/C
	Olympic Hotel of Dallas	256	U/C
	Convention Center Hotel	1,000	P
North Dallas	The Westin—Galleria Dallas	441	O
	Registry Hotel	570	O
	Granada Royale Hometel	240	U/C
	Garden Inn Motel	120	U/C
Market Center and Stemmons Freeway Corridor	Holiday Inn—Brookhollow	356	O
	Drury Inn	130	O
	Regent Hotel (renovation)	350	O
	Wyndham	542	O
	Loew's Anatole (expansion)	720	Opened in 1984
D/FW Regional Airport and Las Colinas	D/FW Hilton Inn and Executive Conference Center	408	O
	Holiday Inn D/FW South (expansion)	410	O
	Preference Inn	144	O
	Rodeway Inn—Irving	142	U/C
	Granada Royale—Valley View and 183	344	P
	Las Colinas Conference Center	300	P
	Scanticon Executive Conference Center	300	P
	Hyatt Regency Freeport	800	P

*P – Planned; O – Open; U/C – Under Construction

From El Paso

Due to El Paso's proximity to the border, its economy is significantly affected by that of Mexico. The devaluation of the Mexican peso and the recent unrest of the Mexican economy had a negative impact on El Paso's lodging industry, and lodging demand from Mexican travelers has decreased.

Market occupancy levels for 1983 were approximately 64 percent, a decrease of 5 occupancy points from 1982. This decrease in occupancy can also be attributed to recent increases in room supply, including the 300-room Marriott Hotel that opened in fall 1982. Developers anticipate a better future for the El Paso lodging market and, as a result, there are several new hotel projects currently under construction:

- A 150-room LaQuinta is under construction at the Mesa Street exit of Interstate (I)-10 West and is scheduled to open in fall 1984.
- A Texian Inn is under construction near the Viscount exit of I-10 on the eastern side of the city and is scheduled to open in fall 1984.
- A Holiday Inn—the fourth in El Paso—is under construction near the Sunland Park exit of I-10 West and is expected to be completed in fall 1984.
- The Paso del Norte Hotel, which has been closed for several years, is being renovated and expanded. This downtown hotel will include 400 guest rooms and 10,000 to 12,000 square feet of function space. The project will be completed in late 1985.

Hotel operators have indicated that they expect 1984 to be a better year for the El Paso lodging industry.

Alma Eastman
Dallas

From Fort Worth

Fort Worth area hotels showed increases in both occupancies and average room rates during 1983. Occupancies in area hotels increased approximately 3 percent, from 60 percent in 1982 to 62 percent in 1983, while average rates grew 5 percent from $40 to $42. This is attributable to moderate growth in the Fort Worth area, while the number of rooms available remained relatively stable. The only addition to the room supply in Fort Worth during 1983 was a 120-room Brock Residence Inn located near the central business district.

Increased occupancies and average rates are again stimulating hotel development. New properties include:

- A 52-room Stockyard Hotel that opened in early 1984. This property is located in the midst of Fort Worth's revitalized Stockyard District.
- A 115-room Texian Inn under construction in northeastern Fort Worth and expected to open during 1984.
- A 217-room Holiday Inn under construction at Interstate 35 and Loop 820 South.
- A 100-room Apple Inn located in southern Fort Worth and scheduled to open in 1984.

In general, development in Fort Worth is expected to continue, with the focus on renovation of the central business district and increased development in the suburbs. Occupancies and average rates should also continue to increase at moderate rates through 1984.

Feliz Jarvis
Timothy A. Marvin
Dallas

From Galveston

The hotel industry in Galveston depends heavily on tourist dollars and the weather that brings them to the beach. In 1983 and 1984, Galveston faced problems from both of these usually supportive factors. The economic recession continued to have a negative impact on discretionary travel in 1983. The financial difficulties suffered by Galveston lodging operators were compounded in August 1983 when Hurricane Alicia struck the island. In August 1984, a one-million-gallon oil spill hit the western part of the island although the eastern beaches were spared. Hotel operators also faced increased competition from island condominium owners as the popularity of condominium rental pools grew during 1983. All of these factors have made 1983 and 1984 difficult for Galveston hotel operators.

The 1983 year-end occupancy was estimated at 62 percent, approximately a 4 point decrease from 1982's occupancy level. During the summer months, occupancy was reported at approximately 72 percent, down 6 points from the same period in 1982. This "in-season" decline can be attributed to both the decrease in the number of tourists visiting the island and the clean-up and repair necessary after the hurricane. During the winter months, occupancy was approximately 50 percent, an estimated increase of 3 points over the same period in 1982.

The average room rate on the island was approximately $43.75, down slightly from the figure of approximately $44 achieved in 1982. The decrease in tourists to the island helped prevent the average rate from registering any increase due to inflation.

Commercial activity related to the University of Texas Medical Branch and the Port of Galveston continued to remain steady in 1983. Continued development of the historic Strand district helped bring in tourists during the winter months. It is Galveston's hope that a vital Strand district with its historic attractions, including the restored tall ship Elissa in the port just a few blocks away, will help make Galveston a year-round destination.

Hotel development in Galveston during 1983 was primarily along the city's sea wall. Projects opened during 1983 and 1984 included:

- The 112-room Tremont Hotel in the city's historic Strand district.
- The 185-room Holiday Inn on the Fort Crockett Bunker along the sea wall.
- The 244-room San Luis on the Fort Crockett Bunker.
- A 106-room Econo Lodge opened one block off the sea wall on 61st Street.

A 150-room Ramada Inn is also under construction. Other rumored properties in Galveston represent a potential for an additional 550 rooms by 1986.

As the economy stabilizes and discretionary travel increases, the Galveston lodging industry should witness growth in 1984. A key factor in attaining desired occupancy levels on the island will be how well the additional hotel rooms and condominium rental pool units are absorbed into the market.

Randall T. Hodde
Houston

From Houston

Occupancy in the Houston lodging industry continued to decline during 1983. The citywide occupancy for 1983 was 53.9 percent, a decrease of 5.4 percentage points compared with 1982. All sectors reported decreases in their year-to-date occupancies. The Ship Channel/Gulf Freeway sector experienced a decrease in excess of 13 percentage points. All other sectors experienced decreases ranging from 3.1 to 6.8 percentage points. This decline in occupancy was attributable to a decrease in demand as a result of the oil and gas industry's difficulties in 1983, the continued effects of the devaluation of the Mexican peso and major additions to the city's room supply.

Average room rates continued to decrease along with occupancy. The citywide average rate for 1983 was $48.95, a 4.7 percent decrease from the average room rate for 1982. Decreases ranged from a low of 0.3 percent in some sectors to a high of over 8 percent in others. Occupancy levels started to increase toward the end of 1983, and this continued in 1984. This is attributed to the impact of the economic recovery.

New hotel development declined significantly from the unequalled pace experienced in 1982. Five new hotels added approximately 1,324 rooms to Houston's lodging supply in 1983. However, with the closing of the 290-room Lamar Hotel and the 231-room Tidelands, the total number of new rooms added to the area supply was actually 803. Fourteen hotels, recently completed or currently under construction, will add 4,055 rooms by the end of 1984; however, with the closing of 175 of the 275 rooms at the Whitehall, the actual number of rooms that will be added during 1984 is estimated at 3,880. In addition to the Whitehall's partial closing for renovations, it will also be closed on the weekends, thereby catering only to the commercial travelers who comprise the majority of its demand. The accompanying table summarizes recent hotel development in Houston.

Commercial activity remained slow during most of 1983 as a result of Houston's dependency on the oil and gas industry. In addition, oil drilling and production bottomed out, and it now appears to be making a comeback as a high inventory of idle rigs and equipment are being brought back into production. This comeback is still very tentative, and the city is experiencing a slow recovery. Unemployment averaged just over 9 percent for 1983; however, employment opportunities now appear to be gaining.

Planning is still underway for the new convention center to be located downtown in the Houston Center development. A renovation and expansion of the Astrodome complex should improve that facility's services. These developments should support continued growth in convention activity, and tourism should continue to increase at a moderate rate. A new tourist attraction, Hanna Barbera Land opened in spring 1984 in northern Houston.

Demand for lodging facilities is projected to remain fairly stable in 1984. In general, occupancy levels will continue to be moderate during the next several years. Eventually, demand increases will absorb the additions to supply and provide additional support for new development.

Ken Bible
Houston

From San Antonio

The recessionary economy continued to have an influence on San Antonio's lodging industry in 1983 as it had done in 1982; however, signs of recovery began to surface by the third quarter of 1983. Year-end citywide occupancy was 69 percent, only 0.4 percentage points below the 1982 figure. Monthly citywide occupancy statistics in 1983 fell below the 1982 figures until August when they began to rise above 1982 levels for the remainder of the year.

Increases in demand were experienced in all market segments. Commercial travel increased due to reports that San Antonio might become an anchor in a potential high-technology corridor between San Antonio and Austin. Corporate meeting and convention attendance began to improve during the fall. San Antonio still remains one of the top tourist destinations in Texas and an increase in tourist travel also became evident during the summer months when the difference between 1982 and 1983 monthly occupancy levels began to lessen.

The citywide average rate for 1983 was $45.09, a 3.3 percent increase over 1982's average rate of $43.67. Changes in average rate for various sectors of the city ranged from a 0.5 percent decrease to a 4.1 percent increase. Although the citywide average rate was higher in 1983 than in 1982, this was not true for all sectors of the city due to the continued competitiveness in the market.

The recession did not affect San Antonio as severely as it did other major Texas cities whose economies were dominated by the oil industry. San Antonio's economy historically has relied on tourism, conventions and the U.S. military. The efforts of city officials to expand this economic base resulted in San Antonio being one of the final candidates for the relocation of Micro Electronics and Computer Technology Corp. (MCC), a consortium of 12 technology and research firms. Participation in this selection process has generated continued interest in San Antonio as a regional headquarters location for many corporations from various industries.

The importance of the convention business in San Antonio has long been recognized by city officials. In 1983, they commissioned Laventhol & Horwath to conduct a feasibility study for the expansion of the existing San Antonio Convention Center. City Council has approved the proposed expansion, which would bring the center's total exhibit space to 250,000 square feet. In addition, the city is working with a private developer to redevelop

Houston
(New Properties)

Area	Property	Rooms	Occupancy Date
North	Sheraton Crown	450	1983
	Preference Inn	200	1983
	Wyndham Hotel at Greenspoint	450	1984
	Lexington Motor Inn	254	1984
	TraveLodge — Humble	60	1984
	TraveLodge I-45 North	96	1984
West	Hyatt Regency Woodcreek	400	1983
	TraveLodge — Clay	60	1984
	Holiday Inn Crowne Plaza Park 10	357	1984
Southwest	Holiday Inn — Wakeforest	350	1984
	Residence Inn — Southwest	152	1984
West Loop	Holiday Inn Crowne Plaza Galleria	500	1984
	Hotel Inter-Continental Houston	518	1984
South	Ramada Inn — Hobby Airport East	150	1983
	Quality Inn — Hobby Airport	124	1983
	Marriott Medical Center	410	1984
	Wyndham at Travis Plaza	195	1984
	Hotel Luxeford	150	1984
	Quality Royale South	250	1984
Downtown business district	Rodeway Inn — Downtown	175	1984
Southeast	Super 8	78	1984
TOTAL		5,379	

the Hemisfair Plaza in which the Convention Center is located. Plans include retail, office, restaurant and hotel components.

Many changes occurred in San Antonio's hotel supply in 1983 through expansions and renovations as well as additions. The 90-room Rodeway O'Conner and a 115-room Texian Inn opened in 1983. The St. Anthony Inter-Continental, Gunter Hotel and Crockett Hotel all completed their renovations in 1983 removing over 150 guest rooms from the downtown hotel supply. The closing of the Inn at Turtle Creek removed another 317 guest rooms from the city's supply. Projects that started construction in 1983 will add over 1,000 guest rooms by 1985. Projects that opened in 1984 include the following:

- The 48-unit Medical Center Guest-House.
- The 126-room Rodeway Inn—Westland Royale.
- The 90-room Rodeway Inn—O'Conner.
- The 128-unit Brock Residence Inn, an all-suite property.

In 1985, the following hotels will open:

- The 328-room Wyndham Hotel.
- The 800-room Holiday Inn-Callaghan.
- The 177-room landmark Building will be converted into the Emily Morgan Hotel.
- The 125-room American Guest-House in northern San Antonio.

San Antonio's recovery should continue through 1984 and has the potential to outpace other Texas cities through its efforts to broaden its economic base. To some extent, San Antonio's economic future will depend on how successfully it can market itself as a corporate location for high-technology companies. The continued economic development of the city will provide support for new lodging projects throughout the remainder of the 1980s.

Randall T. Hodde
Houston

From Texarkana

Lodging demand in Texarkana was relatively strong during 1983 with average annual occupancy at 73 percent and the average room rate at approximately $35. Through June 1984, occupancy levels have remained fairly constant despite the late 1983 opening of a Super 8 Motel in the Texarkana area.

The addition of the 104-room Super 8 in November 1983 was the only increase in room supply in 1983. A 120-room Motel 6 has recently opened, and the Holiday Inn is undergoing a 53-room expansion, which should be complete in early 1985. Several other hotel projects are being considered for development including a Hilton, Sheraton and Hampton Inn.

Lodging demand in Texarkana is primarily commercial in nature and is generated by salesmen servicing businesses located in Texarkana and its surrounding trade region. Additional demand is generated by highway travelers using I-30.

The Texarkana economy is based in military, forestry, manufacturing and medicine. The overall economy is healthy and exhibiting moderate growth. The Red River Army Depot, which is the United States Army's largest motor vehicle maintenance depot and a significant lodging generator, is upgrading and renovating its operation at a cost of approximately $75 million. Nekoosa, a paper manufacturer, also completed a recent expansion of its facility, and two additional companies are planning to open operations in Texarkana.

Annual occupancies in Texarkana are anticipated to decrease slightly in 1984 due to additions to room supply; however, overall lodging demand should continue to grow at a moderate rate.

Feliz Jarvis
Dallas

TEXAS LODGING INDUSTRY—1983

by Mark V. Lomanno
Research and Development Division

Introduction

This is Laventhol & Horwath's sixth annual in-depth analysis of the Texas lodging industry. The information in this series of reports provides an understanding of the operating characteristics of the industry for the preceding year and is useful for analyzing trends in revenue and expenses over successive time periods. In addition, this information is useful as a guide for comparing the operating performance of individual establishments with that of comparable properties.

The information contained in this study was derived from contributors to the 1984 edition of L&H's *U.S. Lodging Industry*. After careful review for reasonableness and accuracy, 102 questionnaires were used in compiling the data for this study. They represent a broad cross section of the industry with total sales of approximately $395 million in 1984. The information for these properties is broken down into separate categories and includes medians, quartiles and arithmetic means. Supplementary information on source of business, composition of lodging demand and other relevant marketing statistics along with credit and collection data are also presented.

For the first time, this year's study presents analysis by selected breakdown categories. Information is shown by size of the property, occupancy rate and location type. No data is presented for resorts due to an insufficient sample size in that category. This information can be useful in identifying the operating performance of hotels that are similar to those of the analyst.

Bases of statistics

The statistics presented in this report have been computed on the three most common bases used to analyze the operating results of lodging enterprises: annual amounts per available room, ratios to room sales and ratios to total sales. Readers not familiar with L&H studies, and particularly those who are not well acquainted with the financial statements of hotels, are advised to read Chapter 28 of *Hotel Accounting*, published by the Ronald Press Division of John Wiley & Sons, New York. An understanding of this material is essential to a thorough understanding of the meaning and significance of the statistical information in this report.

Most of the figures used in this study are medians and upper and lower quartiles and do not necessarily add to the totals shown.

Each line item has been analyzed separately and the medians are based on the information submitted for that line item only, since all establishments did not report data for each line. We also use the arithmetic or weighted mean where appropriate. For example, the figures in "The Texas Lodging Industry Dollar" (page 17) are based on weighted means to express absolute values rather than the relative position of the operating results of the establishments in the sample, which are shown by medians and quartiles. The figures are intended to be used as guidelines, not standards or goals. They are not an attempt by L&H to set or conform prices or operating ratios for the industry.

Profile of contributors

Exhibit 1 defines the typical contributor to this study based on various measures of central tendency such as the mean, median and mode. As the exhibit shows, the typical contributor to this study is fairly representative of the large number of chain-affiliated properties built in Texas in the last decade.

The highlights of this year's study, again using the various measures of central tendency, are shown in Exhibit 2. While occupancies declined again in 1983, the decline was only 0.6 percent—not nearly as sharp as the decline experienced the previous year. With room rates showing a slight rise and expenses under control (payroll and related expenses fell more than 16 percent), bottom line performance was improved for the contributors to this year's report. In fact, net income before income taxes as a ratio to total sales was 11.4 percent compared with 9.3 percent in 1982.

Market data

Information on source of business, the composition of market, the percentage of advance reservations and the source and composition of advance reservations is presented in Exhibit 3. In addition to providing this information for the entire sample, detail is shown by location.

For this group of properties, 93.5 percent of room night demand was generated by domestic travelers, while 6.5 percent came from foreign sources. This is the third straight year that the percentage of foreign guests staying in Texas hotels has declined. Since 1981, the percentage has dropped from 14.3 percent to the current level of 6.5 percent. This drop can be traced to two major factors. The first is the continued strength of the U.S. dollar against most major foreign currencies. This devaluing of foreign currencies made the price of a trip to the United States prohibitive for many potential travelers. The second factor was the reduction in the number of Mexican travelers, due to government restrictions and the reduced value of the peso.

Exhibit 1
General Profile of Typical Contributor Based on Various Measures of Central Tendency

Criteria	Category of Typical Contributor
Age	Built between 1970 and 1980
Size	150 - 300 Rooms
Occupancy	60% - 69%
Average Rate	Less than $35.00
Sales Volume	Less than $2.5 million
Restaurant Operation	Operated a restaurant in which the volume of food and beverage sales was less than 50% of room sales.
Other Management Operation Results	Affiliated with a chain; reported net income before income tax in 1983.

Exhibit 2
Highlights*

- Room Occupancy declined slightly to 65.7 percent compared with 65.6 percent in 1982.
- The average daily rate per occupied room was $37.33 compared with $39.34 in 1982, a decline of 5.1 percent.
- Total revenue declined 1.4 percent on a per room basis to $9,749.
- Payroll and related expenses per room declined 16.5 percent from $4,460 to $3,723.
- Income before income tax declined 14.4 percent on a per room basis. As a ratio to total sales, income before income taxes was 11.4 percent.

*Based on medians.

Exhibit 3
Market Data*

	All Establishments	Location			
		Center City	Airport	Suburban	Highway
Source of Business					
Domestic	93.5%	91.0%	**	97.7%	97.0%
Foreign	6.5	9.0	**	2.3	3.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Repeat Business	47.1%	33.3%	**	50.0%	56.4%
Composition of Market					
Government Officials	8.6%	7.7%	**	8.4%	11.4%
Business Travelers	44.5	36.9	**	56.4	39.9
Tourists	16.3	11.2	**	20.6	14.6
Conference Participants	22.4	38.0	**	13.9	14.6
Other	8.2	6.2	**	0.7	19.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Advance Reservations	70.3%	70.6%	**	71.3%	68.2%
Composition of Advance Reservations					
Direct	37.7%	41.7%	**	40.8%	29.1%
Reservation Systems	35.0	32.0	**	40.7	37.9
Travel Agents & Tour Operators	13.6	15.6	**	9.8	13.0
Other	13.7	10.7	**	8.7	20.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Ratio of Travel Agent Commissions to Room Sales	6.0%	7.1%	5.8%	4.5%	4.3%

*Based on those supplying detail. All figures are means.
**Insufficient response.

Business travelers continue to represent the largest share of guests in Texas hotels during 1983. However, while this figure rose slightly over last year's level, the 44.5 percent is still significantly below the 62.4 percent of demand that business travelers represented in 1980. Also of note was the high percentage of conference participants reported by the contributing properties, replacing tourists as the number two source of room-night demand. In fact, this segment is the largest generator of guest nights in center city properties.

The information provided in Exhibit 3 can be particularly useful in determining the customer mix of specific segments of the Texas lodging industry. In addition, by gaining an understanding of their customer base and how these people plan for their stay, operators can be in a better position to meet the needs of their guests.

Those properties supplying the detail reported a larger percentage of guest accounts settled with credit cards in 1983. With the declines in occupancy that have been reported over the past two years, it is not surprising that the percentage of accounts settled by travel agents and tour operators has continued to decline. Below is a three-year breakdown of method of payment.

Texas lodging industry dollar

The source and distribution of the 1983 Texas lodging dollar (compared with the previous year) are shown in Chart 4, based on the weighted means of the responses to the questionnaires. As the chart shows, the portion of revenue generated from each source remained near 1982 levels with the exception of revenue generated from the rooms department (which rose slightly) and food sales (which showed a marked decline).

On the expenditure side, the allocation of revenue varied considerably from the previous year's results. Reductions in food cost and departmental expenses were more than offset by substantial jumps in fixed costs. The net effect of these changes in the demand for revenue was a considerable drop in income before income taxes, from 3.9 percent in 1982 to 0.1 percent in 1983.

It is interesting to note some disparities in the different ways that income before income taxes are reported in this study. In the "Texas Lodging Industry Dollar," where the mean is used and the size of the properties can affect the results, income before income taxes is reported at 0.1 percent. This differs from the last item in Exhibit 2 (extracted from Exhibit 20), where medians are used and the results reported are those of a typical Texas property. The results here show income before income taxes, reported as a ratio to total sales, as 11.4 percent. This disparity occurred because a few very large properties reported a significant loss in 1983 although, in general, most properties showed a profit for the year.

	1983	1982	1981
Method of payment:			
Cash	27.7%	31.6%	30.0%
Credit Card	53.7	50.5	49.8
Travel agents & tour operator	2.7	4.9	5.6
All other credit	15.9	13.0	14.6
Total	100.0%	100.0%	100.0%

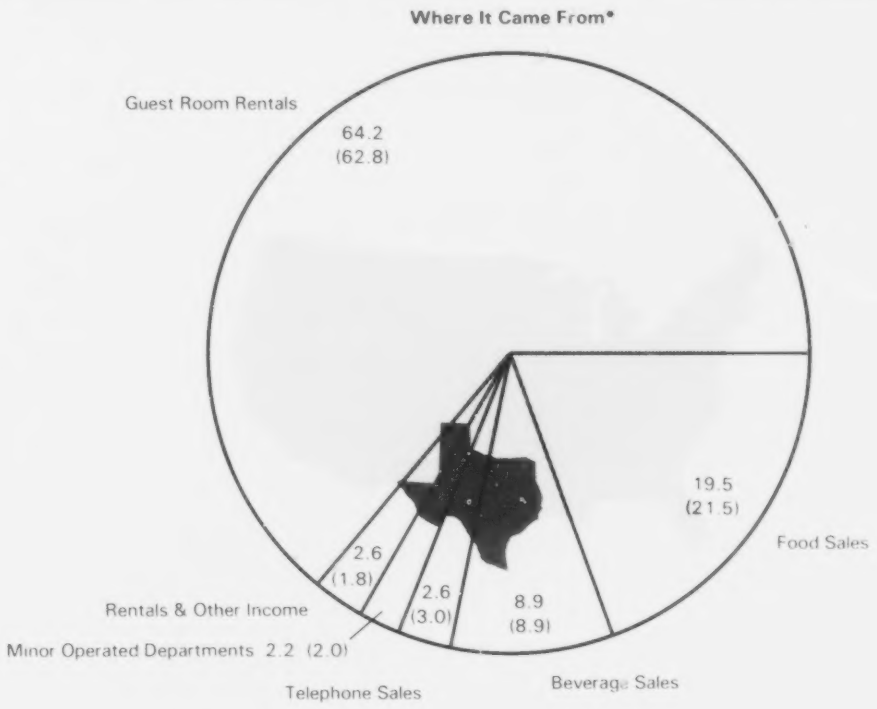
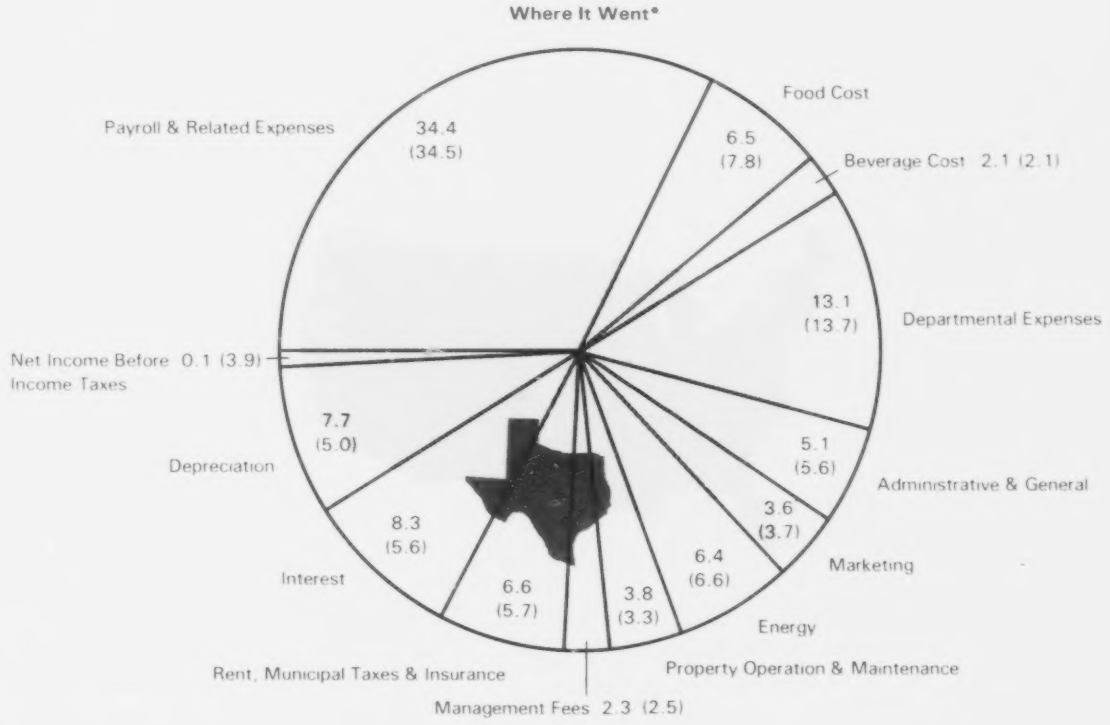


Chart 4: The Texas Lodging Industry Dollar



*Based on the weighted mean.
1982 amounts (in parentheses).

Occupancy and average rate

The three most commonly used measures of trends in the lodging industry, the percentages of occupancy and double occupancy and the average room rate (room sales per occupied room), are shown in Exhibit 4 along with other selected measures. For comparison purposes, 1983 and 1982 results are presented. As shown, all three measures declined slightly in 1983 reflecting the poor performance of Texas properties in 1983.

Also shown in this exhibit are average room rates per guest and the productivity index. This index, which measures the relationship between sales and payroll costs, increased 11.3 percent for 1983. This indicates that people in management positions have recognized the need to control payroll costs and are instituting the necessary steps to make their operations more efficient.

Exhibit 5 compares occupancy, double occupancy and average rate for selected categories. Larger properties and those located in downtown areas reported the lowest occupancy rates of any of the segments analyzed. This finding is consistent with the observation made earlier in this report that substantial losses reported by several large properties made the industry's overall performance appear worse than it actually was. The losses reported by these larger properties were evidently the result of severely depressed room night demand.

Exhibit 4
Occupancy and Average Rate*

	1983			1982		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Average Room Rate	$33.38	$37.33	$46.72	$33.59	$39.34	$51.92
Average Room Rate (Per Guest)	$26.66	$31.48	$39.39	$23.88	$30.29	$45.99
Occupancy	55.8%	65.2%	78.5%	56.6%	65.6%	76.5%
Double Occupancy	24.6%	38.1%	60.8%	27.6%	39.7%	51.6%
Productivity Index	2.72	3.74	4.87	2.88	3.36	4.56

*All figures are medians and quartiles and do not necessarily add to the totals shown.

Exhibit 5
Occupancy—By Selected Criteria*

	Percentage of Occupancy	Percentage of Double Occupancy	Average Room Rate
Size			
Under 150 Rooms	74.5%	35.7%	$33.66
150–299 Rooms	67.4	40.7	40.24
300 and Over	50.7	38.5	56.09
Location			
Center City	50.7	51.0	59.47
Airport	75.9	**	42.91
Suburban	65.9	**	39.15
Highway	61.4	**	40.55
All Establishments	65.2%	38.1%	$37.33

*All figures are medians.
**Insufficient response.

Exhibit 6

Rooms Department Income and Expenses
Median Amounts Per Room and Ratios to Room Sales*

	All Establishments	Size		
		Under 150 Rooms	150–299 Rooms	300 Rooms and Over
Revenue				
Room Sales	$9,537	$9,406	$8,973	$10,907
Allowances	57	51	57	70
Net Revenue	$9,749	$9,406	$9,495	$11,179
Departmental Expenses				
Payroll & Related Expenses	$1,189	$1,869	$1,636	$1,905
Commissions	35	14	54	98
Contract Cleaning	30	168	17	21
Linen	111	124	113	99
Laundry & Dry Cleaning	117	170	39	146
Operating Supplies	275	357	193	194
Other Operating Expenses	132	187	105	129
Reservation Expense	98	99	77	122
Uniforms	18	12	19	21
Total Expense	2,499	2,599	2,360	2,834
Net Departmental Income	$7,259	$6,702	$7,209	$ 8,324
Ratio to Total Sales				
Net Revenue	75.4%	94.2%	73.4%	57.5%
Payroll & Related Expenses	13.7	18.9	12.7	9.7
Net Departmental Income	56.3%	66.3%	56.6%	44.4%

*All figures are medians and do not necessarily add to totals shown.

Rooms department

Rooms department income and expenses are presented as both amounts per room and ratios to total sales in Exhibit 6 for the entire sample and for selected categories. With occupancy levels and room rates declining, median net revenue dropped from $9,886 in 1982 to $9,537 in 1983. This decline resulted in only a slight drop in net departmental income, largely because management was able to reduce payroll and related expenses significantly.

Exhibit 7 presents rooms department income and expenses as ratios to room sales using medians and quartiles. Generally, most of the revenue and expense items are at levels very close to those reported in the 1982 study.

Exhibit 8 shows the composition of sales for selected categories based on the arithmetic mean in order to establish absolute values. In each category, the largest portion of revenue was derived from the rooms department followed by food and beverage sales. By location, the relative contribution of the revenue generating departments was generally consistent across the various groups. By size, however, the larger properties generated substantially higher levels of food and beverage sales.

Restaurant operations

An analysis of the food and beverage department is presented in Exhibits 9 and 10. The ratios to food and beverage sales are shown for 1982 and 1983 in Exhibit 9. Statistics of sales per room and per seat, average receipt per cover and other measurements are presented in Exhibit 10.

As Exhibit 9 shows, departmental income rose slightly for the year to 18.9 percent compared with 17.7 percent in 1982. This increase can be attributed to a reduction in expenses, particularly payroll and related expenses.

An extensive analysis of the key performance measures relating to the food and beverage departments is presented in Exhibit 10. Sales per room, sales per seat, average check and similiar statistics are provided by size and location. This information can be useful in determining the varying levels of food and beverage operations conducted by the various industry segments. For example, as the size of the property increases, food and beverage sales per room and the average check also increase.

Exhibit 7
Rooms Department Income and Expenses
Ratios to Room Sales*

	Ratios to Room Sales		
	Lower Quartile	Median	Upper Quartile
Revenue			
Room Sales	100.0%	100.0%	101.0%
Allowances	(0.4)	(0.7)	(1.1)
Net Revenue	100.0%	100.0%	100.0%
Departmental Expenses			
Payroll & Related Expenses	15.3%	18.4%	21.6%
Commissions	0.2	0.4	0.7
Contract Cleaning	0.1	0.3	1.1
Linen	0.8	1.1	1.4
Laundry & Dry Cleaning	0.3	1.3	1.7
Operating Supplies	1.7	2.6	4.0
Other Operating Expenses	0.7	1.2	2.8
Reservation Expense	0.6	1.0	1.4
Uniforms	0.1	0.2	0.3
Total Expense	22.5%	25.6%	29.5%
Net Departmental Income	70.5%	74.4%	77.5%

*All figures are medians and do not necessarily add to totals shown.

Exhibit 8
Composition of Sales*

	All Establishments	Size			Location			
		Under 150 Rooms	150-299 Rooms	300 Rooms and Over	Center City	Airport	Suburban	Highway
Rooms	77.6%	89.8%	73.7	57.9	60.5%	77.6	74.9	73.0
Food	11.0	2.5	14.0	24.3	24.3	11.5	13.7	13.9
Beverage	5.2	1.2	7.2	10.7	7.3	6.4	6.1	9.3
Telephone	1.9	0.8	2.8	3.0	3.2	2.7	2.7	1.9
Minor Operated Departments	1.7	2.0	0.8	2.2	2.3	0.2	1.0	0.2
Rentals & Other Income	2.6	3.7	1.5	1.9	2.4	1.6	1.6	1.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Exhibit 9*
Restaurant Operations—By Selected Criteria*

	Median Ratios to Total Food and Beverage Sales	
	1983	1982
Sales		
Food	69.9%	73.1%
Beverage	30.6	28.4
Total	100.0	100.0
Cost of Sales		
Cost of Food Sold	34.8	35.4%
Cost of Beverages Sold	21.6	21.9
Total Cost of Sales	30.9	31.9
Gross Profit	69.1	68.0
Public Room Sales	2.4	2.4
Other Income	0.9	3.4
Gross Profit & Other Income	71.6	72.0
Departmental Expenses		
Payroll & Related Expenses	40.4	42.3
China, Glassware, Silver & Linen	1.5	1.4
Contract Cleaning	0.2	0.3
Kitchen Fuel	0.2	0.3
Laundry & Dry Cleaning	0.8	1.0
Licenses	0.2	0.3
Music & Entertainment	2.1	2.1
Operating Supplies	2.7	2.8
Other Operating Expenses	1.3	1.3
Uniforms	0.5	0.4
All Other Expenses	2.6	2.1
Total	52.5%	54.5%
Departmental Income	18.9%	17.7%
Productivity Index	2.38	2.41

*All figures are medians and do not necessarily add to totals shown.

Exhibit 10
Food and Beverage Statistics—By Selected Criteria*

	All Establishments	Size			Location			
		Under 150 Rooms	150-299 Rooms	300 Rooms and Over	Center City	Airport	Suburban	Highway
Food Sales—By Facility								
Amount Per Available Room								
Dining Room	$2,387	$1,444	$1,868	$2,560	$2,817	**	$2,445	$1,620
Room Service	406	**	233	426	408	**	585	**
Banquet	1,371	272	751	2,503	2,193	**	2,583	840
Bar/Lounge	63	**	49	69	53	**	125	22
Total	$2,793	$2,089	$2,491	$4,893	$4,412	**	$2,225	$2,581
Ratio to Total Food Sales								
Dining Room	57.4%	75.1%	63.5%	50.1%	57.4%	**	48.9%	64.6%
Room Service	8.2	**	7.5	8.9	7.9	**	9.0	**
Banquet	35.8	14.9	27.8	41.1	35.2	**	39.7	34.4
Bar/Lounge	1.7%	10.6%	1.7%	1.7%	1.3%	**	3.1%	1.1%
Amount Per Seat								
Dining Room	$4,281	$2,860	$4,110	$5,836	$4,282	**	**	$4,730
Banquet	393	305	392	1,567	1,359	**	**	360
Bar/Lounge	144	**	149	31	31	**	**	**
Total	$1,741	$1,046	$ 992	$3,021	$2,198	**	**	$1,463
Average Check								
Dining Room	$ 6.73	$ 5.44	$ 5.62	$ 7.13	$ 6.82	**	**	$ 5.85
Room Service	7.27	4.94	4.86	8.87	7.84	**	**	**
Banquet	14.25	6.50	9.27	19.45	14.25	**	**	**
Total	$ 6.31	$ 5.67	$ 4.76	$ 10.10	$ 8.52	**	**	$ 5.96
Covers Served Per Seat								
Dining Room	597	508	852	667	570	**	**	597
Banquet	58	54	38	71	71	**	**	34

*All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

(Continued)
Exhibit 10

	All Establishments	Size			Location			
		Under 150 Rooms	150–299 Rooms	300 Rooms and Over	Center City	Airport	Suburban	Highway
Room Service Sales								
Per Occupied Room								
Food	$ 2.24	**	$ 1.42	$ 2.56	$ 1.93	**	$ 2.74	**
Beverage	0.56	**	0.53	0.59	0.44	**	**	**
Total	$ 2.56	**	$ 1.91	$ 3.07	$ 2.73	**	$ 3.02	**
Per Guest								
Food	$ 1.11	**	$ 0.64	$ 2.05	$ 1.04	**	**	**
Beverage	0.47	**	**	0.64	0.36	**	**	**
Total	$ 1.32	**	$ 0.76	$ 2.69	$ 1.31	**	**	**
Beverage Sales — By Facility								
Amount Per Available Room								
Dining Room	$ 368	**	$ 301	$ 401	$ 376	**	$ 401	$ 315
Room Service	97	**	72	108	81	**	**	**
Banquet	362	**	105	657	542	**	554	140
Bar/Lounge	915	$ 729	886	966	744	**	2,005	1,337
Total	$1,483	$1,196	$1,027	$2,023	$1,440	**	$ 850	$1,645
Ratio to Beverage Sales								
Dining Room	19.6%	**	14.6%	21.7%	22.8%	**	9.6%	14.7%
Room Service	4.1	**	3.3	4.4	4.7	**	**	**
Banquet	17.6	**	13.2	23.5	23.1	**	15.7	13.5
Bar/Lounge	63.1%	97.9%	88.7%	54.2%	55.3%	**	75.5%	85.9%
Ratio to Food Sales								
Dining Room	13.9%	**	10.7%	15.8%	15.5%	**	13.9%	12.1%
Room Service	22.7	**	19.9	25.4	18.7	**	**	**
Banquet	21.7	**	15.9	24.8	26.1	**	20.5	13.8
Total (Including Bar/Lounge)	43.9%	72.6%	44.6%	43.3%	32.8%	**	37.5%	64.1%
Amount Per Seat								
Dining Room	$ 439	**	$ 434	$1,058	$ 439	**	**	**
Banquet	87	**	60	432	272	**	**	$ 38
Bar/Lounge	1,764	**	2,562	1,580	1,609	**	$3,343	**
Total	$ 744	$ 644	$ 589	$1,118	$ 589	**	$1,266	$ 961

Minor operated departments

As Exhibit 11 shows, properties operating in Texas have yet to institute procedures to make their minor operated departments profitable. This situation is rather common throughout the U.S. as most domestic operators lag behind their European counterparts in making these departments, especially the telephone department, operate in the black. It is interesting that smaller properties are more successful at keeping expenses in these departments under control.

Staffing levels

Exhibit 12 provides an analysis of the available information on staffing levels

Exhibit 11
Minor Operated Departments and Other Income
Median Amounts Per Room and Ratios to Sales*

	All Establishments	Size: Under 150 Rooms	Size: 150-299 Rooms	Size: 300 Rooms and Over
Telephone				
Sales	$498	$341	$ 491	$602
Cost of Sales				
Cost of Calls	323	252	298	351
Equipment Rental	61	52	81	108
Total	403	353	399	435
Payroll & Related Expenses	75	**	72	172
All Other Expenses	19	7	32	32
Total Costs & Expenses	492	404	443	654
Net Departmental Income or (Loss)	$ (12)	$(9)	$ 5	$ (38)
Ratio to Total Sales				
Sales	3.2%	3.3%	3.3%	3.0%
Cost of Sales	1.8	1.1	2.7	2.3
Payroll & Related Expenses	0.8%	**	0.5%	0.9%
Minor Operated Departments				
Sales	$156	$799	$ 102	$300
Cost of Sales	266	483	260	232
Payroll & Related Expenses	135	**	111	267
Other Expenses	67	**	67	55
Total Costs & Expenses	443	483	413	468
Net Departmental Income	$ (59)	$484	$(224)	$ (38)
Ratio to Total Sales				
Sales	1.0%	7.8%	0.8%	1.1%
Cost of Sales	1.6	3.8	1.3	0.9
Payroll & Related Expenses	1.0%	**	0.8%	1.5%
Rentals & Other Income				
Space Rentals	$230	$424	$ 89	$ 40
Concessions	51	58	46	68
Commissions	25	19	36	36
Other	41	13	47	98
Total Rentals & Other Income	$240	$375	$ 143	$203
Ratio to Total Sales	1.6%	3.7%	0.8%	1.0%

*Based on those supplying detail. All figures are medians and do not necessarily add to totals shown.
**Insufficient response.

Exhibit 12
Staffing Levels and Employee Productivity—All Establishments*

	Number of Employees Per 100 Available Rooms			Number of Employees Per 100 Occupied Rooms		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Staffing Levels (Full-Time Equivalent Employees)						
Rooms	16.1	17.4	20.1	40.0	70.0	101.0
Food & Beverage	18.3	24.9	33.4	30.0	104.0	164.0
Telephone	1.0	1.2	1.5	3.0	5.0	8.0
Minor Operated Departments	1.8	4.0	4.7	11.0	19.0	24.0
Administrative & General	2.3	3.1	5.1	5.0	13.0	25.0
Marketing—Sales	1.2	1.7	2.0	2.0	7.0	10.0
Marketing—Other	**	**	**	**	**	**
Property Operation & Maintenance	2.3	2.6	4.1	4.0	10.0	21.0
Personnel	0.4	0.6	2.2	2.0	2.5	10.0
House Laundry	1.3	1.8	2.5	2.0	6.0	14.0
Other	**	**	**	**	**	**
Total Employment—Full-Time Equivalent Employees	45.9	53.1	66.8	87.0	245.0	377.0
Employee Productivity—Sales Per Full-Time Employee						
Rooms	$40,937	$50,340	$71,483			
Food & Beverage	16,275	22,938	34,209			
Telephone	25,854	48,869	78,370			
Minor Departments	8,769	29,011	48,253			
Total Sales Per Employee	$23,706	$33,639	$41,502			

*Based on those supplying detail. All figures are medians or quartiles and do not necessarily add to totals shown.
**Insufficient response.

Exhibit 13
Payroll and Related Expenses—Cost Per Available Room*

	All Establishments	Size		
		Under 150 Rooms	150–299 Rooms	300 Rooms and Over
Rooms	$1,831	$1,876	$1,636	$1,905
Food & Beverage	1,595	1,451	1,307	2,580
Telephone	139	**	72	172
Minor Operated Departments	135	**	111	267
Administrative & General	846	615	564	1,214
Marketing	444	116	246	713
Property Operation & Maintenance	419	377	377	490
House Laundry	231	**	150	278
Other	139	**	**	162
Total Cost Per Available Room	$3,723	$2,082	$4,136	$7,378

*All figures are medians or quartiles and do not necessarily add to totals shown.
**Insufficient response.

per 100 available rooms and per 100 occupied rooms and sales per employee. The figures are based on the average number of employees that establishments listed for each department and are intended as departmental staffing guidelines. With occupancy levels declining, median total sales per employee declined 11.6 percent in 1983. The majority of the drop was recorded in the rooms department.

Payroll and related expenses

Departmental payroll and related expenses as costs per available room are analyzed in Exhibit 13. A majority of hotel employees work in the rooms and food and beverage departments, so it is not surprising that the bulk of payroll and related expenses are allocated to those departments.

Exhibit 14
Payroll and Related Expenses—Cost Per Occupied Room Per Day*

	All Establishments	Occupancy				
		Under 50%	50–59%	60–69%	70–79%	80% & Over
Rooms	$ 6.97	$ 9.65	$ 7.60	$ 6.87	$ 6.86	$6.51
Food & Beverage	6.95	13.40	8.48	6.41	4.79	3.99
Telephone	.76	1.05	.75	.31	.31	**
Minor Operated Departments	.61	1.79	1.73	.56	.38	**
Administrative & General	4.05	6.06	5.52	3.01	1.45	1.25
Marketing	1.48	3.41	2.21	.75	.60	.40
Property Operation & Maintenance	1.74	4.13	2.52	1.47	1.42	1.16
House Laundry	.60	.97	.63	.72	.11	.05
Other	1.08	1.70	1.09	.71	**	**
Total Cost Per Occupied Room Per Day	$15.21	$36.48	$24.03	$16.19	$12.18	$7.01

*All figures are medians or quartiles and do not necessarily add to totals shown.
**Insufficient response.

Exhibit 15
Analysis of Undistributed Operating Expenses—By Selected Criteria*

	All Establishments	Size			Location			
		Under 150 Rooms	150–299 Rooms	300 Rooms and Over	Center City	Airport	Suburban	Highway
Administrative & General								
Cost Per Room								
Payroll & Related Expenses	$ 824	$583	$ 564	$1,214	$ 889	$ 799	$396	$1,026
Other	713	711	629	856	948	715	517	709
Total	$ 942	$736	$1,029	$2,162	$1,777	$1,223	$913	$1,801
Ratio to Room Sales	10.8%	8.2%	12.4%	19.6%	15.5%	10.6%	7.7%	19.9%
Ratio to Total Sales	8.6%	7.7%	9.7%	10.8%	9.7%	8.0%	6.3%	12.7%
Marketing								
Cost Per Room								
Payroll & Related Expenses	$ 333	$116	$ 174	$ 597	$ 482	**	$160	$ 461
Other	554	467	392	846	851	**	510	433
Total	$1,024	$599	$ 565	$1,396	$1,396	$ 536	$700	$ 650
Ratio to Room Sales	3.9%	2.1%	5.6%	12.4%	11.2%	5.1%	3.7%	6.2%
Ratio to Total Sales	3.4%	1.9%	4.2%	7.1%	6.1%	3.4%	2.6%	4.1%
Energy Costs								
Cost Per Room	$ 776	$564	$ 847	$1,058	$1,279	$ 721	$801	$ 840
Ratio to Room Sales	7.6%	5.9%	7.7%	9.7%	13.9%	6.2%	7.6%	8.5%
Ratio to Total Sales	5.8%	5.8%	5.8%	5.8%	8.4%	4.9%	5.5%	5.8%
Property Operation & Maintenance								
Cost Per Room								
Payroll	$ 417	$369	$ 377	$ 491	$ 660	$ 421	$388	$ 440
Other	509	500	492	571	648	503	455	497
Total	$ 834	$584	$823	$1,012	$1,251	$ 787	$918	$ 913
Ratio to Room Sales	8.6%	7.1%	8.8%	10.5%	10.3%	6.8%	8.0%	8.1%
Ratio to Total Sales	6.3%	6.3%	6.3%	6.1%	6.0%	5.2%	6.0%	6.0%

*All figures are medians.

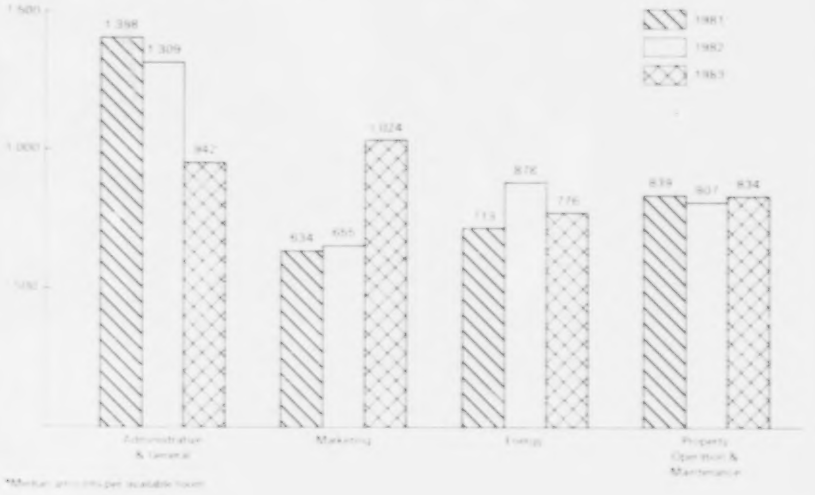
Exhibit 14 presents the relationship of departmental payroll and related expenses per occupied room per day for the entire sample and by hotel occupancy levels. It is apparent from this exhibit that at the higher occupancy levels hotels are able to control employee productivity effectively, thereby reducing costs. In general, payroll expenses per occupied room per day were slightly above the previous years results.

Undistributed operating expenses

Exhibit 15 displays undistributed operating expenses analyzed by amounts per seat, ratios to room sales and ratios to total sales. For the entire sample, marketing costs rose 54.4 percent in 1983 compared with 1982. As the Texas lodging industry continued to experience declining room night demand, increased competition for market share and growth necessitated larger expenditures to support new marketing strategies. Most other undistributed operating expenses were consistent with 1982 results. Chart 5 presents a comparison of undistributed operating expenses as median amounts per room for contributing Texas hotels over the past three years.

Energy expenses as amounts per room and costs per occupied room per day are presented in Exhibit 16. Median total energy expenses for participating Texas properties were $776 per available room in 1983, down 11.6 percent from 1982 and considerably below the $998 per room reported by other properties throughout the U.S. Due to the reduced occupancies reported by Texas hotels, energy costs per occupied room rose sharply.

Chart 5: Undistributed Operating Expenses Three Year Comparison*



*Median amounts per available room

Exhibit 16
Energy Expenses—Amounts Per Available Room and Costs Per Occupied Room Per Day*

	Amounts Per Available Room			Cost Per Occupied Room Per Day		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Electricity	$564	$656	$ 796	$2.81	$4.19	$ 5.92
Fuel	116	144	255	.57	1.48	2.32
Steam	11	43	1,033	.03	.44	4.69
Water	51	86	123	.32	.53	.83
Total Energy Expenses	538	776	986	4.77	5.96	11.72
Total United States	$798	$998	$1,344	$3.23	$4.41	$ 5.97

*Based on those hotels supplying detail. All figures are medians and quartiles and do not necessarily add to totals shown.
**Insufficient data.

Balance sheet ratios

Some of the most frequently used balance sheet ratios are presented in Exhibit 17, comparing 1983 information with the corresponding 1982 data. For the third consecutive year the current position, which is defined as current assets divided by current liabilities, declined sharply for the reporting hotels.

Fixed charges

Median total fixed expenses for 1983 were $2,419 per room or 23 percent of total sales, as shown in Exhibit 18. While total fixed charges as amounts per room were very consistent with 1982 results, as a ratio to total sales, they required an additional 4 percent of revenue. Also shown in this exhibit are the varying levels of fixed charges reported by selected industry segments.

Summary

Exhibits 19 and 20 are a summary of the 1983 statement of income and expenses, analyzed as amounts per room and ratios to total sales for all participating Texas properties. For the first time this year, we have expanded this analysis to include several breakdowns. This information can be useful because it allows operators to analyze the performance of properties that are similar to their own properties.

Exhibit 17
Balance Sheet Ratios—1983 Compared With 1982*

	1983	1982
Current Position	$ .73	$ .97
Accounts Receivable		
Amount Per Room	$866	$498
Ratio to Total Sales	4.0%	2.9%
Food Inventory		
Amount Per Room	$ 75	$ 60
Annual Turnover	27	28
Beverage Inventory		
Amount Per Room	$ 66	$ 30
Annual Turnover	8	10

*All figures are medians. Accounts receivable and inventory figures are for end of year.

Exhibit 18
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales—By Selected Criteria*

		Size			Location			
	All Establishments	Under 150 Rooms	150-299 Rooms	300 Rooms and Over	Center City	Airport	Suburban	Highway
Amount Per Room								
Rent	$ 119	$ 9	$ 195	$ 327	$ 366	**	$ 360	$ 268
Property Taxes	300	259	286	651	469	$ 343	298	318
Insurance on Buildings & Contents	97	50	97	114	65	**	104	275
Interest Expense	1,130	1,043	837	3,975	1,276	**	1,761	2,638
Depreciation & Amortization	1,088	965	1,131	1,896	1,311	974	1,321	1,351
Total Fixed Charges	$2,419	$2,336	$2,303	$6,128	$3,299	$2,157	$2,445	$4,660
Ratio to Total Sales	23.0%	23.5%	19.2%	30.0%	23.5%	12.4%	17.2%	36.9%

*Based on those supplying detail. All figures are medians.
**Insufficient response.

Exhibit 19

Summary Statement of Income and Expenses
Amounts Per Available Room*

	All Establishments	Size			Location			
		Under 150 Rooms	150-299 Rooms	300 Rooms and Over	Center City	Airport	Suburban	Highway
Rooms								
Net Revenue	$9,749	$9,406	$9,495	$11,179	$10,132	$10,334	$9,873	$9,583
Departmental Expenses								
Payroll & Related Expenses	1,819	1,869	1,636	1,905	2,038	1,915	1,643	1,437
Other	704	636	699	845	891	744	660	829
Total	2,499	2,599	2,360	2,834	2,936	2,659	2,454	2,420
Departmental Income	7,259	6,702	7,209	8,324	7,829	7,953	7,360	6,888
Food & Beverage Sales								
Food	2,793	2,089	2,491	4,893	4,412	**	2,225	2,581
Beverage	1,483	1,196	1,027	2,023	1,440	**	850	1,645
Total	4,097	2,845	3,252	7,083	5,863	6,347	3,151	4,500
Cost of Sales								
Food	1,035	838	823	1,536	1,506	**	770	963
Beverage	302	289	206	493	292	**	159	329
Total	1,250	986	953	2,106	1,801	2,023	912	1,447
Gross Profit	2,759	1,858	1,702	4,977	4,264	4,324	2,259	3,023
Public Room Sales	122	49	106	141	86	**	146	53
Other Income	97	153	46	97	72	**	205	29
Gross Profit & Other Income	3,025	1,858	2,441	4,983	4,468	4,324	2,351	3,208
Departmental Expenses								
Payroll & Related Expenses	1,595	1,451	1,307	2,580	2,379	2,213	1,254	1,649
Other	476	417	318	839	777	225	319	515
Total	2,198	1,871	1,554	3,491	3,249	3,127	1,538	2,164
Departmental Income	711	238	647	1,196	758	1,196	722	723
Minor Operated Departments & Other Income (Net)	(59)	484	(224)	(38)	(25)	**	(330)	10
Telephone Departmental Income	(9)	(9)	5	(38)	(95)	38	(6)	(15)
Rentals & Other Income	240	375	143	203	246	108	84	181
Gross Income	7,689	7,374	7,719	9,451	9,182	8,866	8,318	7,607
Undistributed Operating Expenses								
Administrative & General Expenses								
Payroll & Related Expenses	824	583	564	1,214	889	799	396	1,026
Other	713	711	629	856	948	715	517	709
Total	942	736	1,030	2,162	1,777	1,223	913	1,802
Marketing	1,024	203	565	1,396	851	536	274	650
Energy Costs	776	564	848	1,058	1,279	721	801	840
Property Operation & Maintenance	834	584	823	1,012	1,251	787	918	913
Total Undistributed Expenses	2,983	2,004	3,445	5,703	5,050	3,347	2,983	4,536
Income Before Management Fees	4,670	5,247	5,023	3,274	2,834	5,462	5,080	4,485
Management Fees	476	480	420	590	480	**	433	481
Income Before Fixed Charges	4,721	4,788	4,775	3,101	2,823	4,786	5,051	4,688
Total Fixed Charges	2,419	2,336	2,304	6,128	3,299	2,157	2,445	4,660
Income Before Income Tax	$1,079	$1,333	$1,845	$ (3,630)	$ (433)	$ 3,502	$1,584	$ (193)

*All amounts are medians and do not necessarily add to totals shown. All ratios are based on total sales except those of the rooms and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.
**Insufficient response.

Exhibit 20

Summary Statement of Income and Expenses Ratios to Total Sales*

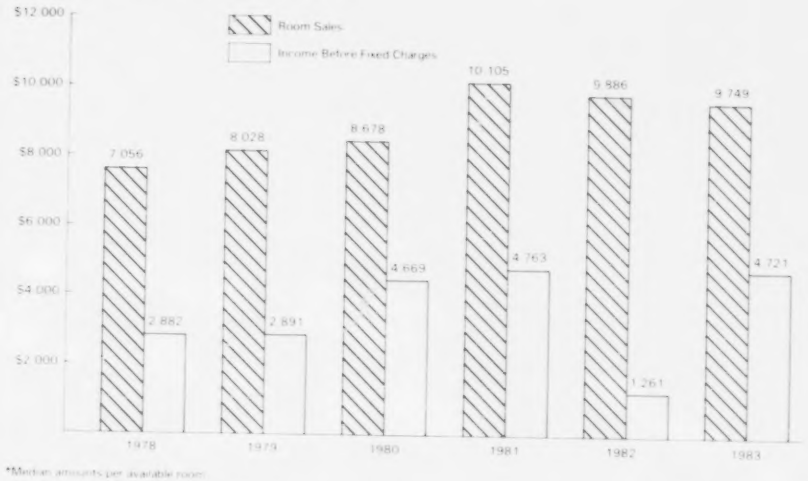
	All Establishments	Size			Location			
		Under 150 Rooms	150–299 Rooms	300 Rooms and Over	Center City	Airport	Suburban	Highway
Rooms								
Net Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Departmental Expenses								
Payroll & Related Expenses	18.4	20.0	16.7	15.9	15.8	16.2	17.3	16.0
Other	7.8	7.4	7.6	7.9	9.1	6.3	7.3	7.9
Total	25.6	27.3	23.5	23.3	24.8	22.5	23.7	23.2
Departmental Income	74.4	72.7	76.5	76.7	75.2	77.5	76.3	76.8
Food & Beverage Sales								
Food	70.0	70.3	69.2	70.1	75.4	**	73.3	61.0
Beverage	30.7	42.1	31.6	30.2	24.7	**	27.9	39.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales								
Food	34.8	41.1	34.4	34.8	33.8	**	33.9	38.0
Beverage	21.6	22.5	20.7	21.8	21.8	**	20.1	21.7
Total	30.9	34.7	30.5	30.9	30.9	31.6	29.8	32.1
Gross Profit	69.1	65.3	69.5	69.1	69.1	68.4	70.2	67.9
Public Room Sales	2.4	2.9	4.1	1.8	1.4	**	5.7	1.0
Other Income	0.9	7.4	0.7	0.9	0.7	**	2.2	0.5
Gross Profit & Other Income	71.6	69.0	72.3	71.8	71.6	69.2	72.0	68.5
Departmental Expenses								
Payroll & Related Expenses	40.4	49.0	38.8	41.0	42.0	37.1	39.9	37.9
Other	11.9	10.1	12.1	11.9	10.2	14.4	11.0	11.6
Total	52.9	62.4	52.2	53.2	53.2	51.5	51.6	49.0
Departmental Income	18.9	15.6	20.1	16.6	17.3	18.9	23.1	15.7
Minor Operated Departments & Other Income (Net)	(0.7)	4.7	(1.8)	(0.2)	(0.1)	**	(2.1)	N
Telephone Departmental Income	(0.1)	(0.1)	N	(0.3)	(0.4)	0.3	N	(0.1)
Rentals & Other Income	1.6	3.7	8	1.0	1.5	0.8	0.6	1.3
Gross Income	61.9	72.2	59.5	52.2	52.0	58.2	62.2	59.2
Undistributed Operating Expenses								
Administrative & General Expenses								
Payroll & Related Expenses	5.4	5.7	3.9	6.0	4.7	5.3	2.7	6.3
Other	5.8	7.1	4.9	4.7	4.0	4.1	4.8	5.5
Total	8.6	7.7	9.7	10.8	9.7	8.0	6.3	12.7
Marketing	3.4	1.9	4.2	7.1	6.1	3.4	2.6	4.1
Energy Costs	5.8	5.8	5.8	5.8	8.4	4.9	5.5	5.8
Property Operation & Maintenance	6.3	6.3	6.3	6.1	6.0	5.2	6.0	6.0
Total Undistributed Expenses	25.2	23.7	26.3	31.4	30.7	21.6	19.6	28.1
Income Before Management Fees	40.6	51.5	36.1	19.9	22.6	42.6	40.6	36.1
Management Fees	4.5	4.6	3.4	2.9	2.9	**	3.6	3.4
Income Before Fixed Charges	39.2	47.5	35.5	18.9	21.3	42.6	40.6	32.6
Total Fixed Charges	23.0	23.5	19.2	30.0	23.5	12.4	17.2	36.9
Income Before Income Tax	11.4%	13.5%	20.8%	(17.0)%	(10.6)%	32.7%	17.3%	(1.0)%

*All amounts are medians and do not necessarily add to totals shown. All ratios are based on total sales except those of the rooms and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

**Insufficient response.

N – Negligible

Chart 6: Income before Fixed Charges Compared with Room Sales*



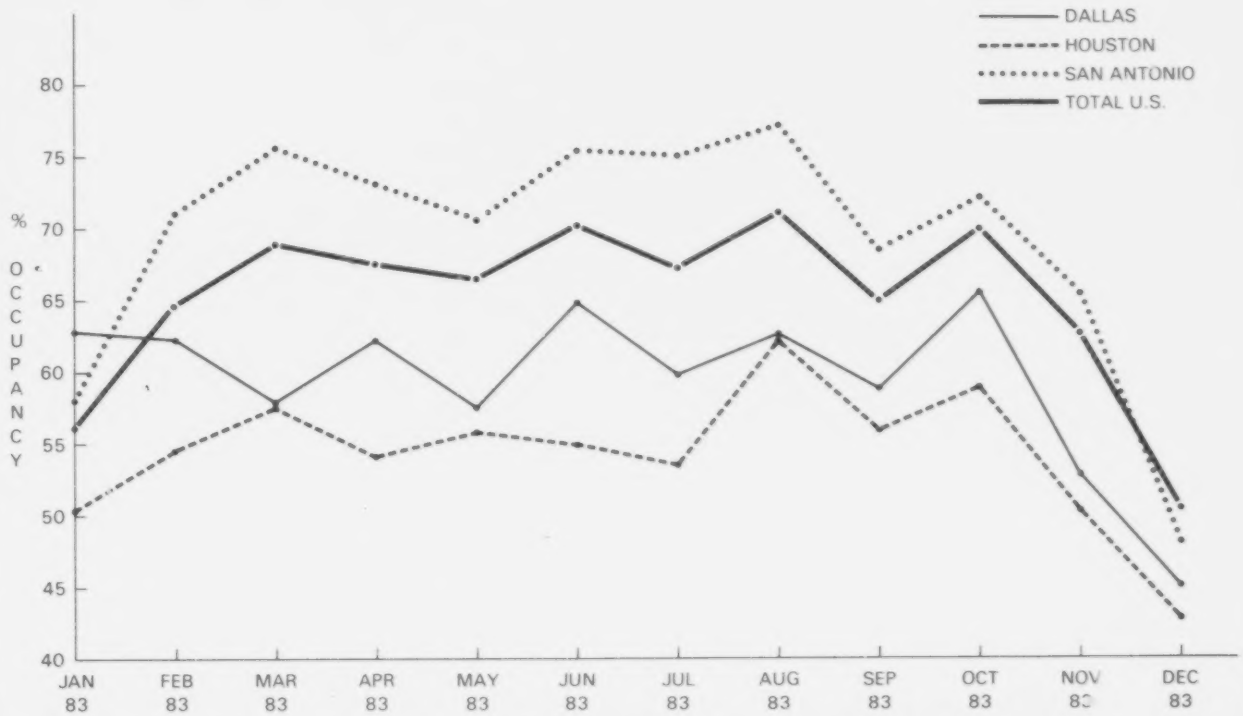
*Median amounts per available room

Chart 6 is a yearly comparison of income before fixed charges and room sales, both shown as amounts per room. This comparison includes information from as far back as 1978, the first year data was available for the Texas lodging industry. The chart shows the ability of hotel management to convert additional room revenue into operating profit.

Following Exhibit 20 is information obtained from Laventhol & Horwath's monthly *Trend of Business in the Lodging Industry* publications for Dallas, Houston, San Antonio and the total United States. The graphs and tables (beginning on page 32) show recent trends in occupancies and room rates for these three cities and the total United States.

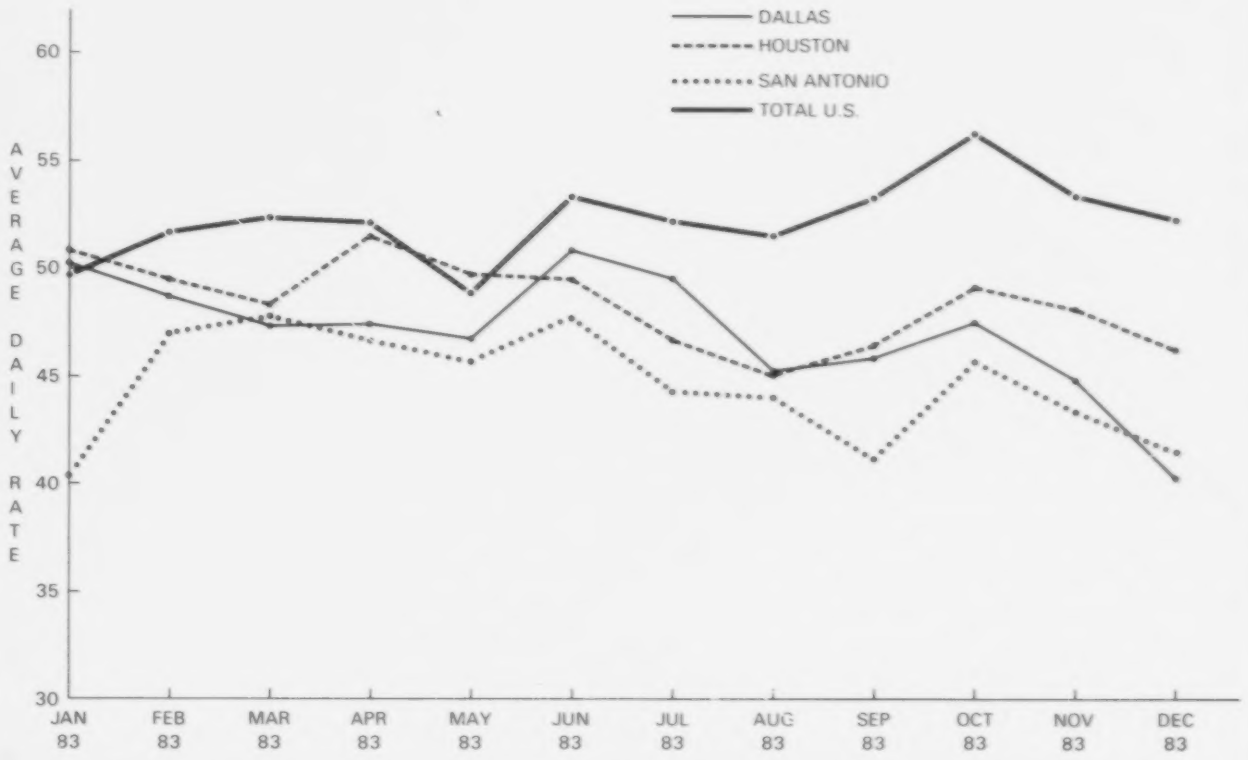
Monthly Occupancy Rate Trends

1983	Dallas	Houston	San Antonio	United States
Jan	62.7	50.3	58.0	56.1
Feb	62.2	54.5	71.0	64.4
Mar	57.9	57.5	75.6	68.8
Apr	62.1	54.1	73.1	67.3
May	57.5	55.8	70.5	66.4
Jun	64.8	54.9	75.3	70.1
Jul	59.8	53.4	74.9	67.1
Aug	62.6	62.1	77.1	71.0
Sep	58.8	55.9	68.4	64.8
Oct	65.5	58.9	72.1	69.8
Nov	52.7	50.3	65.3	62.6
Dec	45.1	42.7	48.1	50.4



Average Daily Rate Trends

1983	Dallas	Houston	San Antonio	United States
Jan	50.22	50.96	40.32	49.65
Feb	48.77	49.46	46.97	51.70
Mar	47.26	48.34	47.78	52.35
Apr	47.49	51.53	46.66	52.09
May	46.76	49.73	44.62	48.89
Jun	50.95	49.52	47.66	53.39
Jul	49.57	46.66	44.24	52.15
Aug	45.13	45.07	44.01	51.57
Sep	45.83	46.41	41.14	53.20
Oct	47.47	49.07	45.68	56.26
Nov	44.78	48.03	43.31	53.39
Dec	40.28	46.19	41.47	52.20



EXPLANATION OF TERMS

Administrative and General Expenses

Payroll—Salaries of managing director, manager, executive assistant manager (not on floor duty); their secretaries and other clerks in managers' offices; accounting office; front office bookkeepers, bill clerks, cashiers, night auditors; credit department; receiving clerks; employment and personnel managers.

Cash Payroll

Entire cash payroll of hotel, including house laundry and print shop.

Current Position

Prepaid expenses are included in current assets and current mortgage payment installments are excluded from current liabilities.

Energy Costs

Cost of electrical current, fuel, steam and water net of energy sales to stores and others.

Income Before Fixed Charges

For purposes of this study, income before fixed charges is defined as the total of rooms department income, food and beverage department income, minor operated departments income, store rentals and other income, less all undistributed expenses.

Income From Minor Operated Departments

Income from guest laundry, valet, cigar-newsstand, barber shop and other service departments operated by the hotel less merchandise costs, payroll and related expenses, and other expenses directly chargeable to any of these operations.

Inventory Turnover

Gross cost before deducting employees' meals divided by the average of the opening and ending inventories.

Marketing

Payroll and related expenses for sales, advertising and publicity managers and their secretaries and clerks. Also, expenses such as printing, stationery, artwork, layouts, literature, house organ, postage, traveling expenses, entertaining, etc.; space in newspapers and magazines; broadcasting; billboards and car cards.

Median—Lower Quartile—Upper Quartile

In a column arranged in regular sequence from high to low, or vice versa, the median is the middle figure. In the case of operating results, this means that half of the hotels represented had better results than the median and the other half had poorer results.

The lower quartile is the dividing point between the lowest quarter and the upper three-quarters of the group. The upper quartile is the dividing point between the highest quarter and the lower three-quarters of the group.

Thus, the lower quartile, median and upper quartile divide a series of figures into four equal parts. The results of the middle half of the hotels fall between the lower and upper quartiles.

Property Operation and Maintenance

Payroll and related expenses for carpenters, upholsterers, carpet men, masons, electricians, machinists, locksmiths, elevator mechanics, painters, paperhangers and similar maintenance employees; the chief and assistant engineers; boilermen; firemen; ice pullers; incinerator men; storekeepers and clerks in engineer's office and stores. Also, expenses such as uniforms; cost of supplies and outside contracts for painting, repairing of furniture, springs, mattresses and pillows, floor coverings, curtains, draperies and scarves, shades, screens and awnings, electrical and mechanical equipment, elevators, building and other maintenance work, and all similar supplies; expenses associated with providing the hotel with heat, light, power and water.

Rentals and Other Income

Rental income from stores, offices, clubs and other spaces not classified as concessions used for business purposes. Also includes revenue from concessions, income from vending machine operations, commissions (including pay stations) and interest earned.

Restaurant

Cost (Food)—Cost of food sold before and after deduction of the cost of employees' meals.

Cost (Beverage)—Cost of beverages sold, after deduction of the cost of employees' beverages.

Payroll—Stewards, chefs, cooks, waitresses and busboys, dishwashers, butchers, vegetable cleaners, bakers, pantry help, etc.; wine stewards and bartenders; stock clerks, storekeepers, cost clerks, checkers and cashiers.

Income, Departmental—Total restaurant sales and other restaurant income less total cost of food and beverages consumed, payroll and related expenses and other direct restaurant expenses.

Sales, Total Restaurant (Food and Beverage)—Gross sales of food and beverages less allowances. Cover charges and other miscellaneous restaurant income are not included.

Rooms

Payroll—Assistant manager, front office clerks, not including bookkeepers, cashiers and bill clerks; housekeeper and assistants; linen room; maids; housemen; bellmen; elevator operators; floor clerks; doormen; house officers; security.

Income, Departmental—Room sales less rooms payroll and related expenses and other direct room expenses.

Sales—Total rent income from guest and nonbanquet public rooms less allowances, not including office rentals, etc.

Sales, Total

All sales and income less allowances and cover charges.

Taxes

In calculating "Number of Times Taxes Were Earned," taxes include all municipal taxes, such as real estate, personal property, sewer and utility. All payroll taxes are charged to the various departments.

Telephone

Income or Loss, Departmental—Telephone sales less cost of telephone service, telephone payroll and related expenses and other direct telephone expense.

Sales—Gross revenue from use of telephone facilities by guests less allowances. Includes service charges and pay station commissions.

Further explanation may be found in *Uniform System of Accounts for Hotels.*

ANALYZE YOUR OPERATION

Periodic analysis of the financial performance of your lodging establishment may provide early warning signs of potential problems. Examination on a regular basis could reveal undesirable trends and provide the opportunity for corrective action. The worksheet on the next page is designed to provide a quick analysis of key items to reveal problem areas.

Follow these simple instructions for completing the worksheet:

1. Enter your figures in the first column.

2. Select the appropriate medians for comparison from the tables or text.

3. If the variance is greater than plus or minus 10 percent, further analysis should be made to determine the reason for that variance.

Worksheet

Amount Per Available Room	Your Figures	Medians or Quartiles From *Texas Lodging Industry* Report		
Revenue Rooms	$			
Telephone	$			
Rentals and Other Income	$			
Total	$			
Payroll and Related Expenses	$			
Departmental Expenses Rooms	$			
Telephone	$			
Total	$			
Undistributed Expenses (Excluding Payroll) Administrative & General	$			
Marketing	$			
Energy Costs	$			
Property Operation & Maintenance	$			
Total	$			
Income Before Fixed Charges	$			
Fixed Charges	$			
Rent	$			
Property Taxes	$			
Insurance	$			
Interest	$			
Depreciation	$			
Total	$			
Net Income Before Income Tax	$			

Supplemental Operating Information

General Statistics				
Occupancy	%	%	%	%
Average Rate Per Occupied Room	$	$	$	$
Income Before Fixed Charges				
Ratio to Total Sales	%	%	%	%
Productivity Index	times	times	times	times

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1116 W. Main St.
Carbondale, Ill. 62901
618-457-8158

300 S. Riverside Plaza
Chicago, Ill. 60606
312-648-0555

Marriott Commerce Bldg.
509 S. 6th St.
Springfield, Ill. 62701
217-544-8955

Indiana
One American Square
Box 82051, Suite 2210
Indianapolis, Ind. 46282
317-631-0700

Massachusetts
Two Center Plaza
Boston, Mass. 02108
617-742-6100
Telex: 940899 LAV HOR BSN

Michigan
26400 Lahser Rd., Suite 200
Southfield, Mich. 48034
313-354-6000

Minnesota
100 Washington Square, Suite 1650
Minneapolis, Minn. 55401
612-332-5500

Missouri
1100 CharterBank Center
920 Main St.
Kansas City, Mo. 64105
816-221-6500
Telex: 750189 LAVENTHOL UD

Ten Broadway, Suite 1000
St. Louis, Mo. 63102
314-421-1710

Nevada
Valley Bank Center, 7th Floor
101 Convention Center Dr.
Las Vegas, Nev. 89109
702-737-5533

New Jersey
Turnpike Plaza Bldg.
197 Highway 18
East Brunswick, N.J. 08816
201-257-6000

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Melville, N.Y. 11747
516-694-0530

919 Third Ave.
New York, N.Y. 10022
212-980-3100
Telex: 236501 LNH UR

1776 Broadway
New York, N.Y. 10019
212-586-6015
Telex: 640279

North Carolina
One NCNB Plaza,
Suite 3420
Charlotte, N.C. 28280
704-377-0220

Ohio
National City Center
1900 E. 9th St.
Cleveland, Ohio 44114
216-696-4770

88 E. Broad St., Suite 980
Columbus, Ohio 43215
614-221-9494

8256 E. Market St., Suite 127
Warren, Ohio 44484
216-856-2134

Oregon
1850 Georgia Pacific Bldg.
900 S.W. Fifth Ave.
Portland, Ore. 97204
503-221-0141

Pennsylvania
The G.S.B. Bldg.
Bala Cynwyd, Pa. 19004
215-839-4500

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Harrisburg, Pa. 17105
717-761-7171

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Philadelphia, Pa. 19103
215-299-1700
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15 S. Franklin St.
Wilkes-Barre, Pa. 18701
717-822-1174

Puerto Rico
1701 Banco Popular Center
Hato Rey, P.R. 00918
809-765-5580

Rhode Island
One Hospital Trust Plaza, 7th Floor
Providence, R.I. 02903
401-421-4800

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2121 San Jacinto St.,
Suite 1700
Dallas, Tex. 75201
214-754-7100
Telex: 730903 HORWINTAS DAL

333 Clay St., Suite 1100
Houston, Tex. 77002
713-658-1071

Washington
Metropolitan Park
1100 Olive Way
Seattle, Wash. 98101
206-621-1900

DIVISIONS

Valuation Counselors, Inc.
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312-368-0200

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Valuation Counselors Eastern, Inc.
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Princeton, N.J. 08540
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Houston, Tex. 77027
713-877-0200

Valuation Counselors Western, Inc.
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Suite 2530
Los Angeles, Calif. 90067
213-553-1515

Valuation Counselors Property Records, Inc.
230 W. Monroe St.
Chicago, Ill. 60606
312-368-0200

General Systems Company, Inc.
83 Rt. 206,
RD #3
Belle Meade, N.J. 08502
201-359-3440

HORWATH & HORWATH INTERNATIONAL

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